An Emirates NBD Company

NBD INVESTMENT BANK

Aafaq Investment Funds

NBD Mena Fund

Fund Manager's Commentary ***February 2008***

After a painful beginning for the year in January, where most of the MENA markets experienced major losses, all MENA markets came back with a bang in February. Strong gains were due mainly to "smart money", as long term investors took advantage of the retracements in equity markets to add and build positions in solid and reasonably valued companies.

The best performing GCC market in January was the Omani market with a gain of 12.98%, driven mainly by the increased interest from regional and international investors in some of the leading names like Bank Muscat and Raysut Cement. Other strong movers in February were Qatar, KSA and Dubai, which rose 10.41%, 6.37% and 6.13% respectively. Bahrain showed the lowest returns in February as it increased 2.85%, affected mainly by some major losses reported by some of the large Bahraini banks, in relation to on the global the sub prime issue. Abu Dhabi and Kuwait also reported good performance for the month with gains of 5.38% and 3.78% respectively.

Other MENA markets also recovered strongly in February with Egypt, Jordan and Turkey posting gains of 8.39%, 8.17% and 7.32% respectively. These markets have a positive correlation with global emerging and developed markets and subsequently moved higher following a rally in global markets. Investments by the sovereign wealth funds, potential government "rescue packages" for the American Bond insurers and an environment of lower interest rates served to stimulate global sentiment.

Regional markets are witnessing a period of high volatility on the back of increased correlations with global markets. However this correlation is short lived as investor realize that this region relies more on internal growth drivers; supported mainly by huge government and private sector investments. Some of the GCC markets, namely, the UAE and Qatar, which have a higher percentage of foreign participation, could be more vulnerable to the global climate.

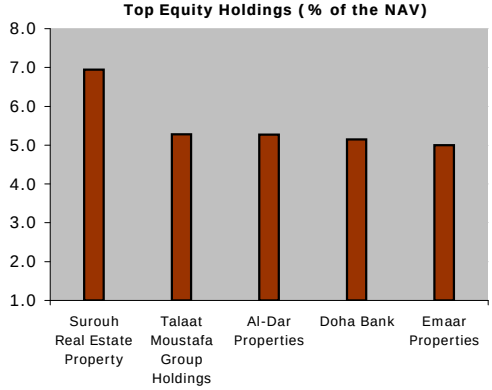
As value investors we continue to focus on well managed companies with a "solid story" where valuation looks attractive. We take a long term view on our core holdings, which allows us to manage the increased volatility. During February, we maintained the same weightings on some of our long term core holdings and took advantage of pullbacks to build new positions or add to existing ones. There have been no major changes to our country allocations, however, our Saudi allocation could be increased if the weakness continues in the Saudi market and the companies on our watch list start to reach comfortable entry levels.

Sorouh Properties is our largest holding in the fund, due mainly to price appreciation. We continue to be very positive on the stock as most of their projects are sold out or fully booked and this will be reflected in the 2008 results.

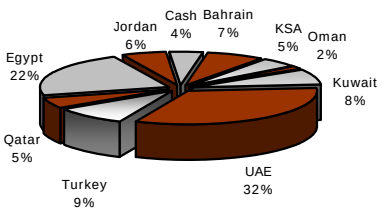
The fund unit price increased by 5.09% in February and stood at AED 11.87.

FUND DATA	
NAV/UNIT (AED)	11.87
Fund Size (AED mn)	437
Returns:	
Month to Date (%)	5.09
Year to Date (%)	1.44
Since Inception (%) (Nov 2005)	18.68
Annualized Returns:	
2005 (%)	n/a
2006 (%)	-17.87
Since Inception (%)	7.91
Annualized Std. Dev. (%) (Since Inception)	18.20
P/E (Trailing)	12.92

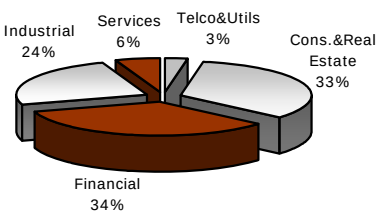
Top Equity Holdings (% of the NAV)



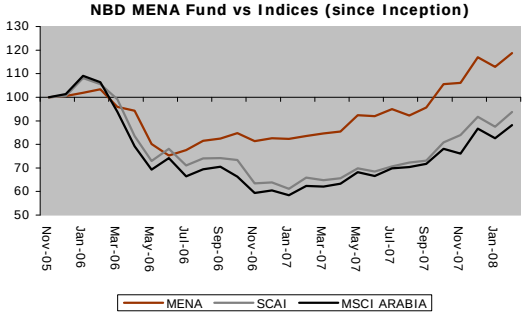
Asset Allocation



Equity Sector Allocation



NBD MENA Fund vs Indices (since Inception)



FUND DETAILS			
Type of Fund	Open Ended	**Manager**	NBD Investment Bank
Fund Currency	UAE Dirham	**Subscription / Redemption**	Daily
Min. Initial Subs. (AED)	50,000	**Management Fee**	2.00%
Min. Subsequent Subs. (AED)	25,000	**Performance Fee**	10% gains over hurdle rate of 10%
Bloomberg Code / Zawya Code	NBDMENA UH/NBDMENA.MF	**Subs. / Redemption Fee**	Up to 2.5%/1.5% for Investor Yr 1, 1% for Investor Yr 2
Administrator	APEX Fund Services (Dubai) Ltd.	**Custodian**	Gulf Investment Corporation

INVESTMENT OBJECTIVE-The fund seeks capital growth by investing in a portfolio of MENA listed equities

Head of Asset Management	Fund Management Team
Farah Foustok	Fadi Al Said and Anita Shetty

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NBD Investment Bank Limited is regulated by the Dubai Financial Services Authority.

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