An Emirates NBD Company

NBD INVESTMENT BANK

Aafaq Investment Funds

NBD Mena Fund

Fund Manager's Commentary

March 2008

The Regional markets continued to be negatively affected by repercussions in global markets with the continuation of negative headlines of write offs and profit warnings. The announcement of the sale of Bear Stearns, the fifth largest investment bank in the US to JP Morgan, at a fraction of its trading price, has made investors cautious about other financial institutions book quality.
The month of March is usually considered to be relatively slow in terms of volume, due to the lack of any short-term catalyst. Most of the companies have announced their full year results and their suggested dividends. Investors await the first quarter results to ascertain if companies bottom lines have been impacted by the global financial turmoil. Almost all the MENA markets were down in the month of March with the exception of Kuwait and Morocco.

The best performing GCC market in March was the Kuwait market which was the only market to end the month on a positive note with a minor gain of 1.99%. This defensive nature is a function of the perception that Kuwait is the most immune market to volatility in the international arena.
The biggest losers in the GCC were the Saudi and Dubai markets which were down 11.24% and 10.21% respectively. We have seen signs of capitulation in these markets, which could be the signal for a short term bottom and could lead to higher prices in the month of April. As these companies start reporting their first quarter results we are expecting to see the continuation of growth, especially in the UAE. Qatar, Abu Dhabi, Bahrain and Oman were down 8.76%, 5.38%, 3.16% and 2.51% respectively.

Other MENA markets were also generally weak with Turkey being the worst performer as it lost 14.86% mainly because of renewed political tensions. Morocco was barely up with 0.72% gains. The Jordanian market lost 4.67% on profit taking as it had a very strong move in February. Egypt was boding well against other emerging markets as it managed to end the month on a flat note as investors took any sell off as an opportunity to build positions.

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 investors realize that this region relies more on internal growth drivers; supported mainly by huge government and private sector investments. As first quarter results are gradually announced in the month of April we will see investors back again focusing on specific company fundamentals rather than generalizing. UAE and Qatar, which have a higher percentage of foreign participation, will continue to be more vulnerable to short term volatility.

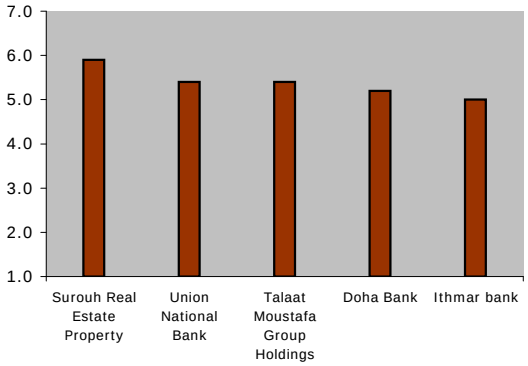
As value investors we continue to focus on well managed companies with a "solid story" where valuation looks attractive. We take a long term view on our core holdings, which allows us to manage the increased volatility. During March, we maintained the same weightings on some of our long term core holdings 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 has been increasing and expected to increase 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, although the stock was volatile lately due to some unrealistic fear because the insiders share lock up finished on March 31st. This volatility was expected however we view any weakness in the shares due that an excellent opportunity to add more.

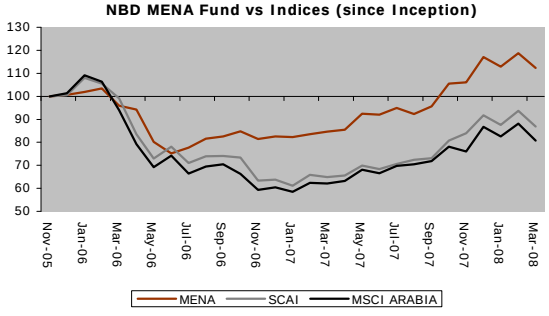
The fund unit price decreased 5.39% in March and stood at AED 11.22.Other Benchmarks like GIC GCC, Shuaa Arab Index and MSCI Arabia lost 7.67%, 7.3% and 8.30% respectively.

FUND DATA	
NAV/UNIT (AED)	11.23
Fund Size (AED mn)	413
Returns:	
Month to Date (%)	-5.39
Year to Date (%)	-4.03
Since Inception (%) (Nov 2005)	12.28
Annualized Returns:	
2005 (%)	n/a
2006 (%)	-17.87
2007 (%)	41.63
Since Inception (%)	5.09
Annualized Std. Dev. (%) (Since Inception)	18.31
P/E (Trailing)	12.30

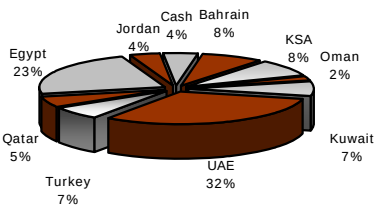
Top Equity Holdings (% of the NAV)



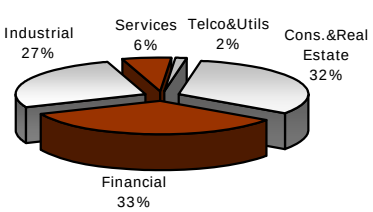
NBD MENA Fund vs Indices (since Inception)



Asset Allocation



Equity Sector Allocation



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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