Aafaq Investment Funds

NBD MENA Fund

October 2006

Investment Objective

The Fund seeks capital growth by investing in a portfolio of MENA equities and equity linked securities.

Fund Performance

NAV/Unit (AED)	8.48
Month on Month	2.73%
Incep.(Nov. 2005)	-15.22%

Fund Details

Type of Fund	: Open Ended	Fund Currency	: UAE Dirhams
Subscription Fee	: 1.00%	Administration Fee	: 0.1%
Unit Price at Inception	: AED10	Management Fee	: 2.00% (on non-cash assets)
Min. Initial Subscrip (AED)	: 100,000		
Min. Subsequent Subscrip (AED)	: 50,000	Performance Fee	: 10% of gains over the Hurdle Rate of 10%
Manager	: NBD		
Dealing Day	: 1st Business Day of each month	Redemption Fee	: 1.5% for Year 1 : 1.0% for Year 2

Fund Managers

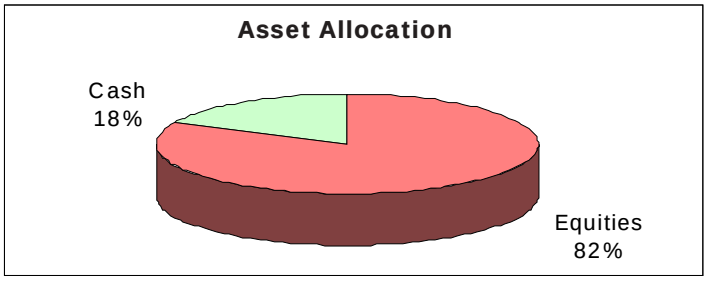
Amin El-Kholy
Leslie Dharmasena

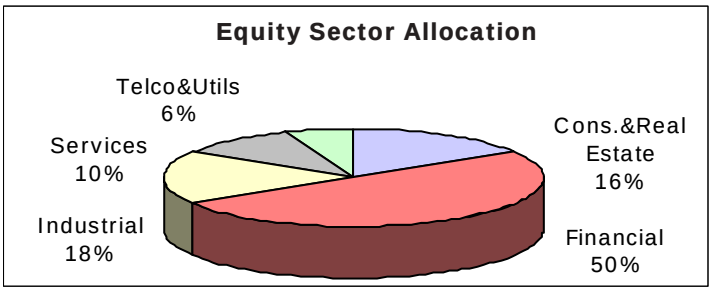
Management Team

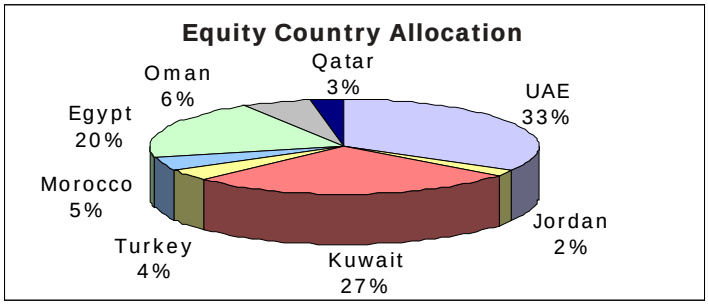
Anita Shetty

The NBD MENA Fund rose by 2.73% to close at an NAV of AED8.48 during October strongly outperforming both the GIC Composite Index and Shuaa Capital Arab Index which declined by 6.80% and 1.03% respectively during the month. The fund's strong performance is attributable to a 22.5% exposure to the Kuwaiti market which rose by 6.8% during the month and continued zero allocation to Saudi market which lost 15.2%. On the back of positive GEMs flows into emerging markets, a recovery in the Turkish lira and healthy 3Q2006 results, the Turkish market gained a significant 9.9% during October while Egypt rose 3.0% during the month. The major gainers in our investment universe included Addoha, Garanti Banka, National Soc Gen Bank, Mobile Telecom, National Mobile Telecom which rose by 33.4%, 19.4%, 18.7%, 17.8% and 14.4% while Ezz Steel Rebars, Surouh Real Estate, Dubai Islamic Bank, Vodafone Egypt and Al Dar Properties which lost 6.2%, 7.3%, 7..4%, 8.5% and 12.8% respectively.

Given that the majority of the region's companies are likely to experience healthy earnings growth arising from multiple drivers, such as robust revenue growth and the current uptrend in the consumption cycle, we expect the GCC markets to move upwards during 4Q2006 from its sticky trading range. With the Turkish lira expected to remain relatively stable coupled with improved confidence in the market, we expect the Turkish bourse to test higher ground over the next few weeks while in Egypt, the Hermes Index is likely to continue its upward trajectory as it gets closer to breaching the 60000 resistance level.







Top Equity Holdings*	(%)
Emaar Properties	4.90
Aabar Sukuk	4.45
Arabtec Construction	3.90
Muscat Fund	3.24
National Bank of Kuwait	3.17

* % of NAV

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