Makaseb Emirates Equity Fund
June 2005

Investment Objective:
To achieve long term capital appreciation through investing mainly in shares of companies listed on the Stock Exchanges of UAE.

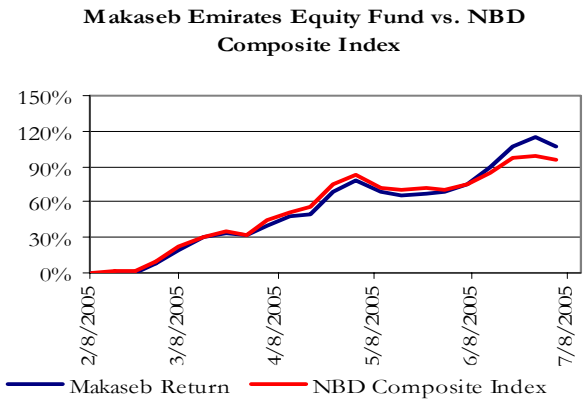
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Weekly
Subscription	Weekly
Redemption	Weekly
Management fee	1.5% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Ernst & Young, Bahrain
Administrator	Gulf Investment Corporation
Custodian	Gulf Investment Corporation
Auditor	Deloitte & Touche
Primary listing	Dubai Financial Market

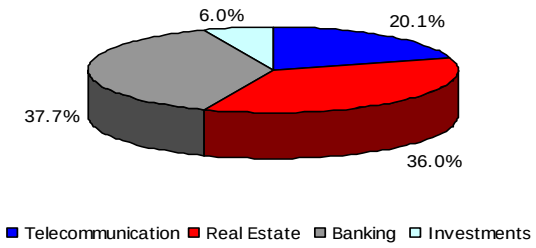
Performance Summary

NAV (July 4, 2005)	USD 20.67
February 2005	11.4%
March 2005	22.2%
April 2005	30.1%
May 2005	-3.4%
June 2005	27.4%
Since Inception	116.7%

Performance Chart



Sector Allocation



Overview and Outlook

Makaseb Emirates Equity Fund continued to perform well, showing a return of 27% for the month of June. The fund continued to benefit from both stock and sector selection. Our decision to increase allocation to Real Estate sector, a sector that produced 50% growth for June, at the expense of the Banking sector proved to be correct. The 1:1 rights issue that Emaar-our largest holding – is offering to its shareholders drove the stock to occupy the top performing position in June, gaining 60%. We reduced our allocation to Banking, as we believe that over the medium term the rise in interest rates is putting downward pressure on earnings. Banks have also benefited from the buoyant regional capital markets. Within the Banking sector, our position in Dubai Islamic Bank performed well.

Looking ahead, we believe that the market is taking a well deserved breather. Despite the double digit growth rates in corporate earnings that most of UAE listed companies have announced for H1 2005, we are still waiting for Emaar results. In general, we believe the macro-economic fundamentals remain intact and corporate earnings are still strong.

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