Aafaq Investment Funds

NBD MENA Fund

September 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)	8.25
Month on Month	1.19%
Incep.(Nov. 2005)	-17.48%

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

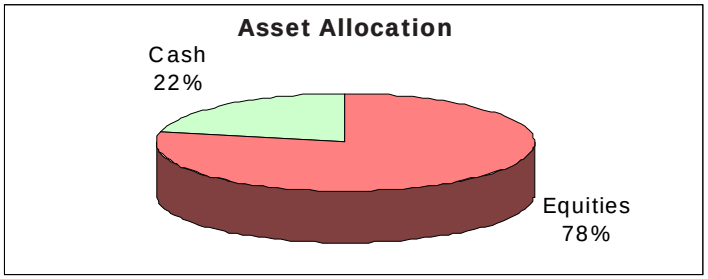
Amin El-Kholy
Leslie Dharmasena

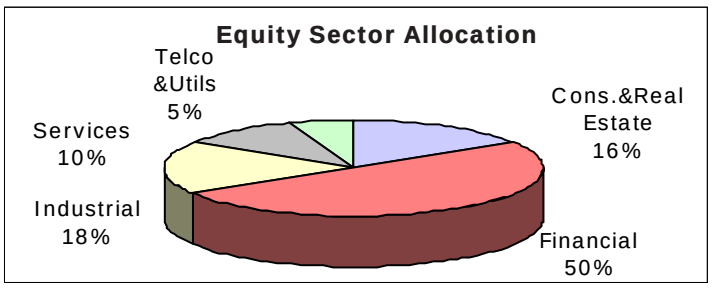
Management Team

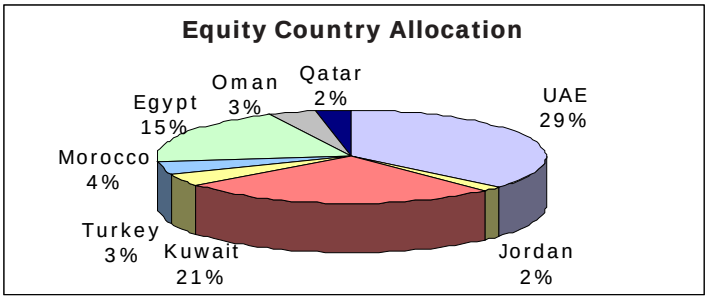
Anita Shetty

The NBD MENA Fund rose by 1.19% to close at an NAV of AED8.25 during September. The Shuaa Arab index meanwhile gained 0.18% during the period despite strong performance in the KSA and Kuwaiti markets which rose by 4.3% and 4.4% respectively. In line with the fund's value strategy, the fund managers continued to remain overweight in the value markets of UAE and Kuwait with an allocation of 28.5% and 20.8% each respectively. A zero allocation was maintained in KSA taking into consideration the market's current high valuations. The fund was tactically positioned to benefit from a 5.0% rise in the Egyptian market during the month with a 15.3% allocation while a 1.0% decline in the Turkish market was mitigated by the fund's allocation of 3.2% to that market. Having recovered strongly during August, the Turkish lira lost ground during the month due to worries over global emerging markets and concerns on Turkey's prospective EU membership.

The major gainers during the month included Addoha, Eczacibasi Ilac, Kuwait Financial Center and Turkcell which rose by 27.9%, 24.6%, 13.9% and 13.2% while Islamic Arab Insurance, Al Dar Properties, Tabreed and Sultan Center declined by 8.7%, 8.7%, 8.4% and 7.6% respectively. Taking into consideration the renewed optimism in the equity markets, we expect the GCC bourses to trend upwards, however characterized by a series of rallies and pullbacks. For the short term investor, this will provide strong trading opportunities. For bottom up and fundamental investors, we firmly believe that a carefully selected portfolio of stocks will provide superior investment returns in the medium to longer-term. We expect the Turkish market to remain highly volatile over the next few weeks ahead of the release of the 3Q results while in Egypt, the Hermes Index appears set to test a new resistance level of 60000.







Top Equity Holdings*	(%)
Emaar Properties	5.1
Aabar Sukuk	4.6
Arabtec Construction	3.6
Muscat Fund	3.2
National Bank of Kuwait	3.1

** % of NAV*

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