MAKASEB EMIRATES EQUITY FUND

Makaseb مكاسب
FUNDS COMPANY BSC (C) لصناديق الاستثمار

Fact Sheet for June 2006

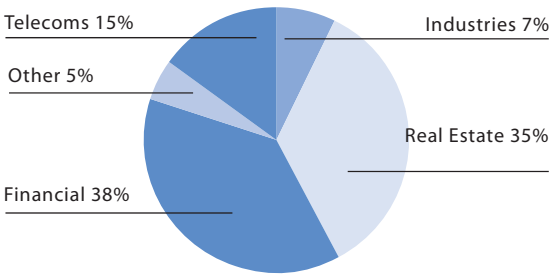
Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Bi weekly
Subscription	Bi weekly
Redemption	Bi 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	Bahrain Stock Exchange

Performance Summary

NAV (June 28, 2006)	USD 12.63
June 2006	-7.09%
May 2006	-8.16%
April 2006	-13.98%
Mar 2006	-3.77%
Since Inception (Feb 8, 2005)	26.28%

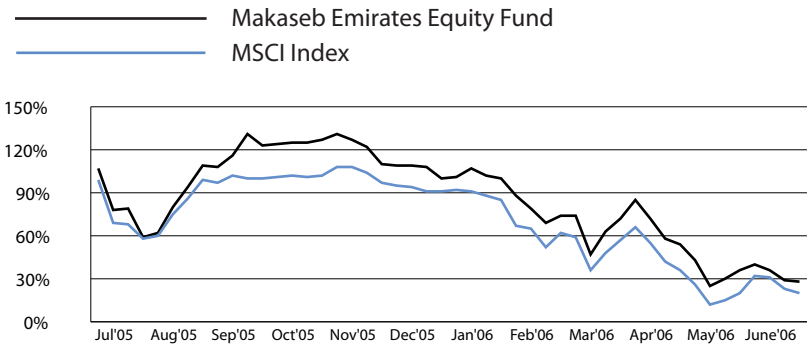
Sector Allocation



Investment Philosophy

Makaseb Emirates Equity Fund (MEEF) aims to achieve long term capital appreciation through investment primarily in shares listed on the UAE stock exchanges. The MEEF portfolio is constructed after careful evaluation of various factors including the liquidity of the stock, company fundamentals, profitability, and overall portfolio risk considerations.

Performance Chart



Since Feb 08 2005 up to Jan 25 2006 National Bank of Dubai Composite Index was the benchmark. Starting from January 25 2006, MSCI UAE Domestic Index is the benchmark

Overview and Outlook

The UAE markets continued to spiral downwards characterized by low volumes and driven by fears of worse than expected second quarter earnings – particularly in the banking and the real estate sector. Dubai Financial Market (DFM) lost over 10.14% during the month while Abu Dhabi Securities Market (ADSM) marginally declined by 0.25%. June's decline brings the DFM to the Dec 2004 level while ADSM is currently hovering around early 2005 market level.

Much of the current month's decline was concentrated in the banking and real estate sector. Banking sector earnings are expected to see some level of normalization in the context of lackluster capital market performance and absence of major IPOs in the second quarter of FY2006. Anecdotal evidence suggests that activity in the real estate sector has also slowed down. This might have an adverse effect on primary margins of real estate developers. However, rents, which are the primary indicators of sector's health, are still going strong and a precise call on the sector is difficult to make at this time.

Your fund lost 6.86% and under performed the benchmark by 0.63%. Your fund's underweight in Energy, Healthcare, Financials and Telecommunications contributed to 1.10% over performance, while its overweight in Materials and Industrials cost it 1.13%. Furthermore, your fund's underweight in the Consumer Staples and Utilities also contributed -0.53% towards its underperformance.

We expect little activity in the market during the next month due to the start of summer vacations. It is important to note that the speculative asset price bubble formed in the UAE equities has been largely wiped out. However the question remains whether this will be followed by a prolonged bear market or the sentiments would change to reflect more correctly on the new scenario representing pockets of value opportunities. Amendment in the share buy back rules and approval to Emaar Properties and Abu Dhabi National Company for Building Materials for shares buy back should provide investors some solace in the short term. However, investors' reaction to 2QFY2006 earnings would provide the market the much needed direction and would determine the medium term course of action.

Issued on July 6, 2006

Investment Manager & Sponsor:
Mashreqbank psc, Al Ghurair City,
3rd Floor, P.O. Box 1250, Dubai, U.A.E.
Tel +9714 2078461

Registered Office:
14th Floor, City Gardens, P.O. Box 140, Manama,
Bahrain. Tel + 97317 535455
Website www.makaseb.com

WKN: A0J3RM
ISIN: BH000A0J3RM7
BLOOMBERG CODE: MAKEEFD BI