Aafaq Investment Funds

NBD MENA Fund

December 2006

% Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005 MENA												0.59	0.59
2006 MENA	1.34	1.45	-7.26	-1.70	-14.92	-6.21	3.20	5.05	1.19	2.73	-3.97	1.47	-17.87

YTD Returns have been compounded on a monthly basis

Fund Performance

NAV/Unit (AED)	8.26
Month on Month	1.47%
Incep.(Nov. 2005)	-17.39%

Head of Asset Mgt
Farah Foustok

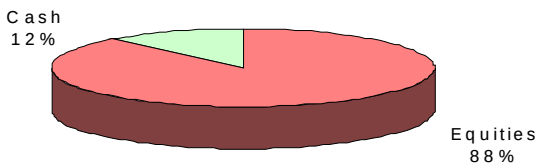
Fund Manager
Leslie Dharmasena

Management Team
Anita Shetty

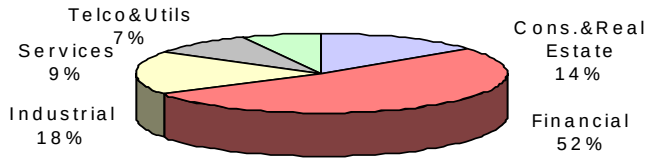
The NBD MENA Fund rose by 1.47% to close at an NAV of AED8.26 during December. This compares favourably with the GIC Composite Index which gained only 0.16% during the month. The fund's strong performance is attributable to a 31.1% exposure to the Kuwaiti market which rose by 3.63% during the month and continued zero allocation to the Saudi market, which lost 4.38%. Meanwhile having declined by 6.0% during the previous month, the Turkish market rose 2.5% on the back of gains in the GEMs and the strength of the lira. On the back of positive investor sentiment, the Hermes Index penetrated the psychologically important 60000 resistance level gaining 5.7%, for the first time since April 2006. The major gainers in our investment universe included National Industries, Orascom Telecom, Qatar Industrial Manufacturing and Orascom Construction which rose by 14.3%, 13.7%, 13.3% and 12.2%, during the month of December. Alternatively, Al Dar Properties, CIH, Dogan Holding, Surouh Real Estate lost 10.7%, 12.1%, 12.2% and 20.0% respectively during the month.

We expect the GCC markets to trend upwards over the next weeks, 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. While GEMS volatility is likely to continue to exert a strong influence on the Turkish market, we expect the market's movement to be range bound over the next few weeks. In Egypt, we expect the positive market momentum to continue with the release of the 4Q2006 corporate results and healthy investor confidence.

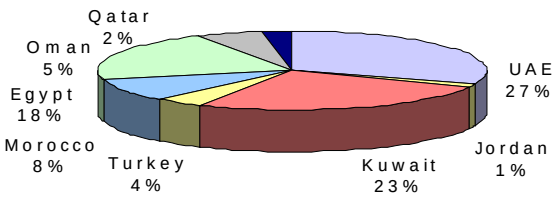
Asset Allocation



Equity Sector Allocation



Equity Country Allocation



Top Equity Holdings*

	(%)
Aabar Sukuk	4.74
Emaar Properties	4.62
Arabtec Construction	4.02
ADDOHA	3.70
CFG Morocco Fund	3.54

** % of NAV*

Fund Details

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

Investment Objective

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

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