NBD INVESTMENT BANK

Aafaq Investment Funds

NBD MENA Fund

Fund Manager's Commentary

September 30, 2007

The GCC markets ended the month of September on a positive note with most of the markets heading north with the exception of both the Saudi and Dubai markets. The Saudi market led the decliners in the GCC with the Tadawul general index slipping 4.04%.This was mainly due to profit taking after strong performance in the month of August. The Dubai market also retreated marginally with the DFM general index down 0.54% and low volumes were witnessed during the month, due to some seasonal factors.

The Qatari market was the biggest gainer in September with the DSM 20 rallying 8.12%. This was driven mainly by the Industrial sector and the banking sector on the back of expectations of strong results in the third quarter. The Omani market continued its strong performance with the Muscat 30 Index advancing 5.05%, driven mainly by unprecedented oversubscription that occurred in the Gulphar IPO especially on the institutional side, which led to increased international and regional interest in the Omani market. The Abu Dhabi market broke the positive correlation with the DFM delivering an impressive 3.52% gains. This was driven mainly by the real estate sector which is expected to show strong results in Q3, due mainly to deliveries made in Q3. We foresee this to be the pivotal point for the real estate sector in Abu Dhabi, as the structure of their P&L will start shifting towards showing core cash earnings rather than relying only on revaluations. The Kuwaiti market gained 1.28%, with the banking sector flirting with its all time highs.

Amongst the other MENA markets, Turkey was the biggest gainer in the month of September, with the ISE 100 gaining 12.40%, as foreign investors rushed to buy Turkish equities after recent declines that occurred in August, due to the rate cut . Egypt was also a very strong performer in September with the Hermes index gaining 10.59%. Investors took advantage of the latest retreats to build positions in large caps, which helped support the index. We have witnessed some bottom fishing in the Jordanian market, mainly in the banking sector, which drove the index to post gains of 2.10% in September.

The NBD MENA Fund posted a net gain of 3.64% to close the month at a NAV of AED9.57, this was attributable to the funds overweight exposure to Egypt and Abu Dhabi, which outperformed other markets in our investment universe in the month of September.

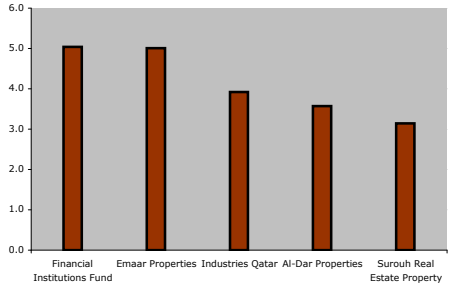
The Fund continued its defensive and diversification strategy in August by cutting down weightings in investments with limited upside and volatile returns and optimizing the fund exposure to the MENA region. The fund maintained its cash allocation at around 8%.We have also continued increasing our Qatari exposure, with the allocation to the Qatari market almost doubling from 6% to around 11%. Our largest overweight continues to be the UAE market, as we believe valuations are still attractive and undiscovered value plays continue to exist, specifically on the ADSM.

Emaar continues to be one of our top holding in the fund, as we strongly believe that these levels are very attractive entry points. Investors are focusing too much on short term headline effects yet ignoring various positive catalysts on the horizon.

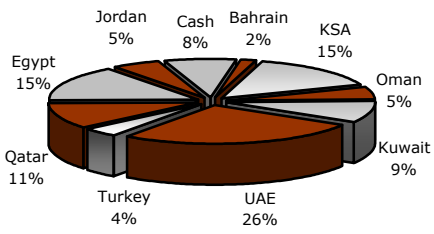
In light of the strong gains seen in most of the GCC markets; we anticipate a more challenging environment for value investing, going forward. We believe prudent stock picking will increasingly be the determining factor to achieve consistently high returns.

FUND DATA	
NAV/UNIT (AED)	9.57
Fund Size (AED)	373mn
Returns: Month to Date (%)	3.64
Year to Date (%)	15.85
Since Inception (%) (Nov 2005)	-4.30
Annualized Returns:	
2005 (%)	n/a
2006 (%)	-17.87
Since Inception (%)	-2.37
Annualized Std. Dev. (%) (Since Inception)	16.64
P/E (Trailing)	16.62

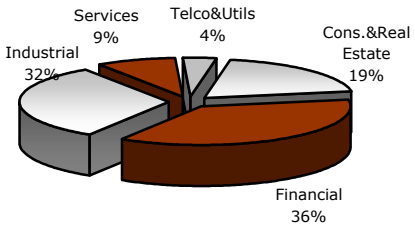
Top Equity Holdings (% of the NAV)



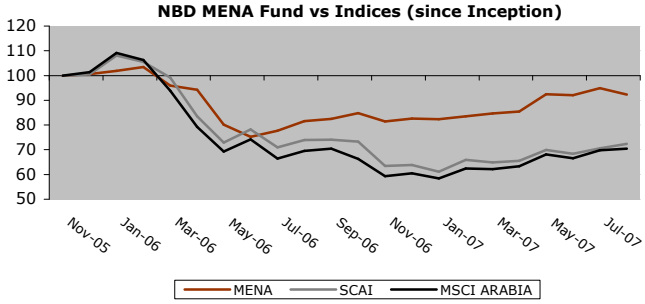
Asset Allocation



Equity Sector Allocation



NBD MENA Fund vs Indices (since Inception)



FUND DETAILS			
Type of Fund	Open Ended	**Manager**	NBD Investment Bank
Fund Currency	UAE Dirham	**Subscription/Redemption**	Daily
Min. Initial Subs. (AED)	50,000	**Management Fee**	2.00%
Min. Subsequent Subs. (AED)	25,000	**Performance Fee**	10% gains over hurdle rate of 10%
Bloomberg Code/Zawya Code	NBDMENA UH/NBDMENA.MF	**Subs./Redemption Fee**	Up to 2.5%/1.5% for Investor Yr 1, 1% for Investor Yr 2
Administrator	APEX Fund Services (Dubai) Ltd.	**Custodian**	Gulf Investment Corporation

INVESTMENT OBJECTIVE-The fund seeks capital growth by investing in a portfolio of MENA listed equities

Head of Asset Management	Fund Management Team
Farah Foustok	Fadi Al Said and Anita Shetty

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NBD Investment Bank Limited is regulated by the Dubai Financial Services Authority.

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