Makaseb Emirates Equity Fund
May 2005

Investment Objective:

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

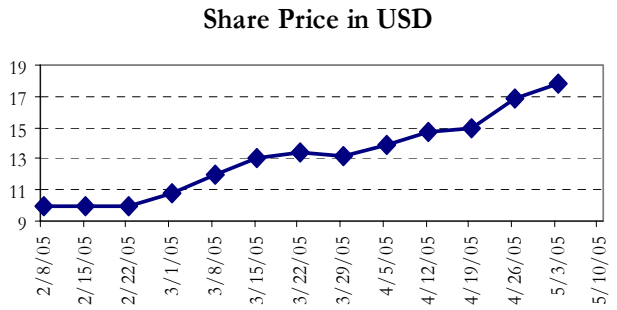
Executive Summary

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

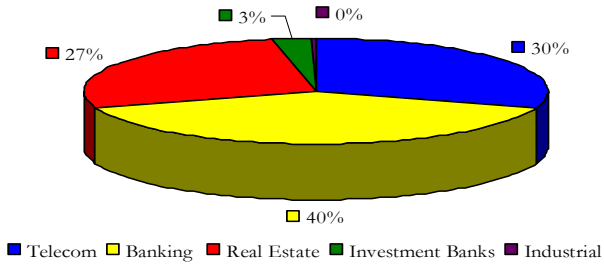
Performance Summary

NAV (May 2, 2005)	USD 17.80
February 2005	11.4%
March 2005	22.2%
April 2005	30.1%
May 2005	1.7%
Since Inception	80.3%

Performance Chart



Sector Allocation



Overview and Outlook

April was another outstanding month for the UAE Stock Exchanges. The rally was widespread rather than focusing on few stocks. The spotlight was on Emaar whose share price rose by 90 percent after disclosing its results for Q1. The company earned a net profit of AED 1.325 billion in the first quarter of 2005 a 537 percent increase over the AED 208 million earned in the corresponding period last year. Also, Investment banks such as Shuaa Capital and Dubai Investments have also witnessed a remarkable increase in their shares price by 73 and 57 respectively.

Makaseb added 32 percent to its gains taking its performance since inception to 80.3 percent as of May 2, 2005. We maintained our aggressive asset allocation strategy staying fully invested during the month of April. We continue to benefit from our overweight positions in Emaar and Shuaa Capital which maintained their lead over the rest of the UAE companies. The Fund has successfully diversified its portfolio among different sectors including telecommunications, finance, and real estate sectors.

Our outlook for the medium and long term is still positive. The factors that have led to the market's strong performance remain intact. These factors include but not limited to, high energy prices, high levels of liquidity, robust corporate earnings, and strong domestic and regional investor interest. Given these factors we believe that the market will not see a severe correction in prices any time soon and, hence, we remain fully invested.

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