

Named portfolio manager(s):

Ibrahim Masood (since launch), Reda Gomaa (since October 2005)

Peer group: Equity Qatar

Location: Dubai

Launch date: June 2005

Fund size (September 2009): US\$12m

Contact group: +971 4 2078368 or

www.mashreqbank.com

Further information on S&P's fund coverage can be found at www.FundsInsights.com



Report date January 2010

Investment style

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

Performance statistics

	3 Years	5 Years
Fund	3.8%	%
Index**	N/A%	%

Note: returns are cumulative

Standard & Poor's opinion (December 2009)

This fund continues to be managed by Ibrahim Masood and Reda Gomaa. The instability that has recently characterised this team has had limited impact on this portfolio. Gomaa has historically been the member of team dedicated to single country strategies and continues to be the day-to-day manager on this fund. We do have some concerns over Masood's workload, which has significantly increased following the departures of Junaid Farooq and Imran Ahmed.

However, on the positive side, we are pleased to see that the standards of practice adopted by the group continue to be at the higher end of the iscale, in terms of disclosure and risk management.

The fund is almost exclusively invested in Qatari stocks and subject to the limitations imposed on non-domestic investors. As a result, this fund has historically been highly concentrated and managed in a fairly index-aware fashion, with lower turnover than other portfolios run by the team. However, recently, the Qatari market has broadened and the number of investable stocks increased to around 20. This should help the team to add value through stockpicking and potentially reduce the concentration risk.

Performance has been reasonable against the benchmark and the fund has slightly outperformed since inception in 2005. While we have some concerns over the stability of the team and Masood's increased responsibilities, the experience of the managers and the high standard of practice adopted by the group justify the retention of the S&P A rating.

Fund manager & team

After the departure of Imran Ahmed, Ibrahim Masood has taken over as head of the asset management division. He is supported by a team of two on marketing and business development. On the investment side, Masood heads a team of four, including two analysts (Deepika Kohli and Gayatri Banga) and one other fund manager/analyst (Reda Gomaa). Responsibilities are split by country but at sector and stock level all team members are generalists.

Ibrahim Masood - senior investment officer - CFA, started his career in 1995 working as analyst and fund manager for a Pakistani affiliate of Morgan Stanley before moving to Credit Agricole Indosuez, Merrill Lynch and CLSA. In 2001 he moved to Rana Investment Company in Saudi Arabia where he managed US and European portfolios. He joined the group in 2003 and was promoted to SIO in 2005.

Reda Gomaa - started his career in 1997 as a credit analyst at Arab Investment Bank in Cairo, eventually becoming a senior investment analyst responsible for making investment recommendations. He joined the group in October 2005.

Management style

This single-country fund aims to outperform both its MSCI Qatar index benchmark and similar Qatari funds.

The universe of companies, most of which are part of the benchmark, is screened for liquidity and narrowed down to a list of around 20 investable names. The team focuses on those with organic growth, quality of earnings and attractive valuations (P/E and P/B ratios). Meeting company management is also important and top-down thematic considerations are of some use, although on this fund there is less scope for it. Compared to the Arab Tigers Fund run by the same team, the focus is more on relative valuations and turnover tends to be far lower.

Portfolio construction is benchmark-aware and, given the narrowness of the stock universe, tends to be highly concentrated. Risk controls are common sense and include limiting the maximum exposure to each individual holding to one-third of the average daily liquidity, assuming a three-day liquidation period. The fund's exempt status means there are no position limits for individual stocks.

Cash tends to be managed less actively than on the Arab Tigers Fund; sector deviations against the benchmark are also more controlled.

MAKASEB QATAR EQUITY FUND

Bahrain domiciled open-ended investment fund

Fund owner: Mashreqbank

Fund manager: Mashreqbank

STANDARD & POOR'S



Portfolio & performance analysis (September 2009)

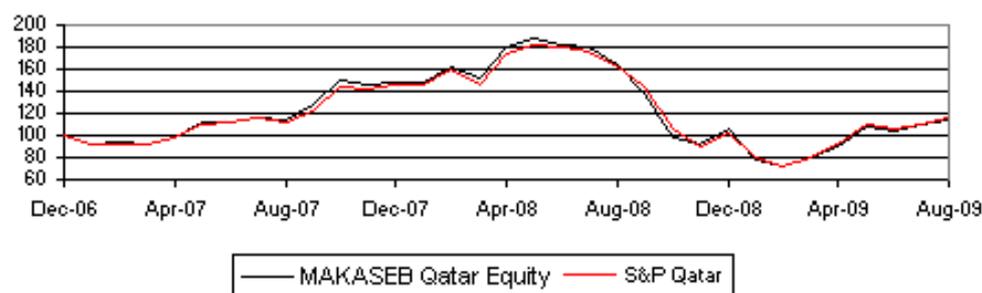
The number of holdings has moved up to 11 (from 10 of last year). This has been the result of a couple of sales and three new additions to the portfolio. The new entrants in the portfolio are Qatar Gas Transport (Nakilat), Qatar Insurance and Vodafone Qatar and represent around 15% of the total assets. In contrast, Doha Bank and Masraf Al Rayan have been sold.

The portfolio is also marginally more diversified and the top five names account for 61% compared to 74% last year. Having reduced the exposure to Industries Qatar, the team gradually moved back into this area of the market in the belief that the stock had not benefited from the recovery in fertilizers and petrochemicals.

Due to a less liquid market, turnover for the year has been significantly lower than the other funds run by this team and is estimated to be 100%. Common to the other funds run by this team, has been a cautious approach to investing in financials, which are significantly underweight (42% vs 71%). To offset this, telecoms, industrials and energy are all overweight. Cash peaked around 12% and was 8% at review.

In terms of performance, the fund has marginally outpaced its benchmark since inception. The majority of the outperformance has come recently and the fund is over 6% ahead of the index in the first eight months of 2009. Success has resulted from overweighting utilities and telecoms while underweighting banking stocks. The timing back into Industries Qatar has been good, as has the decision to be neutral on Qatar National Bank and overweight Commercial Bank of Qatar. The same position proved painful during 2008.

Cumulative performance



Portfolio characteristics

No. of holdings	11
Turnover ratio (%)	100
% in top 10	90

Asset allocation

(01/09/09)

	%
Energy	12.8
Financials	41.7
Healthcare	0.0
Industrials	15.0
Telecommunications	14.3
Utilities	8.3
Cash	7.9

Top 10 holdings (01/09/09)

	%
Industries Qatar	15.3
Qatar National Bank	12.4
Qatar Telecom (Q-Tel)	11.7
Commercial Bank of Qatar	11.2
Qatar Islamic Bank	10.4
Qatar Gas Transport - NAKILAT	9.0
Qatar Electric & Water	8.4
Qatar Insurance	4.6
Qatar Fuel	3.9
Qatar Real Estate Investment	3.3

* In top 10 holdings a year ago

Discrete performance (calendar years)

	200		2006		2007		2008		YTD 31/08/2009	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund			-39.1		47.8		-28.6		8.3	
Index**			N/A		45.7		-30.4		14.4	

** S&P Qatar BMI

Fund benchmark: MSCI Qatar Index

Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
Acc Registered for sale	5.00	5	2.00	2.25	10000	1000	N/A
		Bahrain, United Arab Emirates					

Symbols and definitions

Long-only fund ratings

AAA The fund demonstrates the highest standards of quality in its sector based on its investment process and performance consistency of the management team and/or approach as compared to funds with similar objectives.

AA The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

A The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

Fund-of-hedge-fund ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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Absolute return fund ratings

AAA The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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All fund ratings

NR Funds designated as NR (Not Rated) currently do not meet the requisite performance standards and/or the minimum qualitative criteria.

UR Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

New Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

V1 Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprised of the highest quality fixed-income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

V2 Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

V3 Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

V4 Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

V5 Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or liquid securities.

V6 Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.

10/14/2008

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