

Makaseb Income Fund (MIF)

Fund Description

Makaseb Income Fund (MIF) primarily seeks to provide current income along with the stability of capital. Fund's secondary objective is to seek income growth over the long term. The Fund aims to achieve its investment objective by investing in a diversified portfolio of fixed and floating rate investments originating from countries in the GCC, MENA, South Asia and other emerging economies.

Fund Manager's Commentary

Weathering the Sandstorm

The Makaseb Income fund continues to be the best performing MENA fixed income fund year-to-date. Despite regional political conflict, lower oil prices and rate volatility, it only shed 0.55% in June which results in a year to date performance of 5.69%, outperforming the index which stands at 3.94% YTD.

June was unexpectedly busy despite Ramadan and Eid. We started the month with a strong tone but ended with a frail one. Key events that impacted GCC bond markets last month were bearish oil prices and the unresolved status of the diplomatic standoff with Qatar. End of June saw some additional volatility with the ECB signaling potential tapering of their QE program which caused weakness in Bunds and US treasuries.

GCC markets might remain on the back foot due to the movement in US treasury rates and cautious investor sentiment due to the unresolved geopolitical situation.

As a base case, we will have to assume that a diplomatic resolution of the conflict will take some time. Furthermore we will remain cautious on rates with the intention to reduce rate sensitive positions and add hedges as opportunities arise.

The fund's average rating remained at BB, average yield was 4.94% and duration is 4.52 years with the average maturity being 10.3 years.

Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI	
MIF	-0.55%	5.69%	7.01%	12.11%	37.57%	50.47%	
Benchmark	-0.36%	3.94%	4.21%	13.10%	27.56%	94.62%	
	2010	2011	2012	2013	2014	2015	2016
MIF	12.08%	0.92%	19.93%	5.50%	3.86%	1.88%	4.65%
Benchmark	12.30%	7.08%	12.15%	0.39%	7.05%	2.00%	5.09%

Top Holdings

Maf Global Securities	7.71%
Turkish AirIn 15-1 A Ptt	7.20%
Arab Republic Of Egypt	6.78%
Ivory Coast	5.26%
Ezdan Sukuk Co Ltd	5.16%

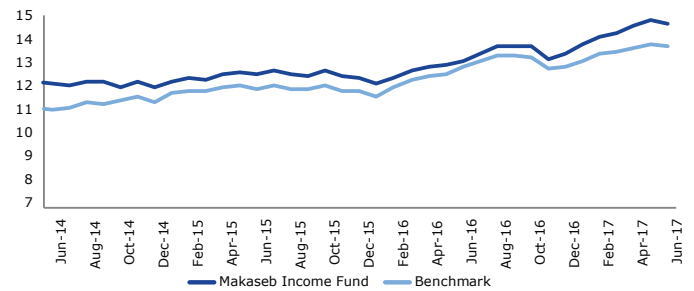
Fund Statistics

Average Coupon	4.87
Fund Rating	BB
Average Maturity	10.27
Average Yield	4.94
Modified Duration	4.52
CAGR Since Incep	3.64%
1 year Volatility	2.36%
3 year Volatility	4.15%
Sharpe Ratio - 1 year	2.17
Sharpe Ratio - 3 year	2.46

Monthly Performance (%)

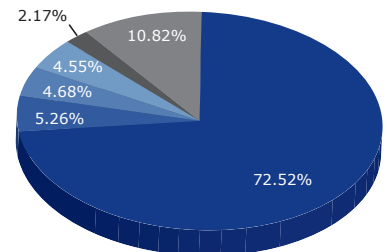
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	1.69	1.50	0.51	1.32	1.10	-0.55	-	-	-	-	-	-	5.96
2016	-1.16	1.19	1.39	0.75	0.14	1.01	1.17	1.43	0.17	-0.31	-2.07	0.90	4.65
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	1.88
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	0.71	-0.16	-0.87	0.92	-0.97	3.86
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	1.78	-1.53	2.52	2.12	-0.18	0.80	5.50
2012	1.79	2.09	1.99	0.24	-0.99	1.84	2.95	1.15	1.43	3.11	0.56	1.74	19.93
2011	0.87	-1.38	1.49	2.78	1.06	-0.82	1.91	-0.37	-4.60	2.54	-2.91	1.04	0.92
2010	1.21	-1.04	6.12	-0.45	-3.34	2.82	2.12	3.28	1.03	1.25	-1.96	1.14	12.08
2009	-7.06	-4.28	2.64	3.45	4.54	0.77	2.96	2.13	6.24	1.95	0.01	-2.94	10.38
2008	-1.04	-0.76	-0.32	0.15	0.22	0.12	0.27	-0.52	-3.68	-6.68	-9.80	-1.45	-21.59
2007	0.86	0.05	0.03	0.21	0.28	0.38	-0.64	0.69	0.61	0.60	-0.42	0.57	2.11
2006	-	-	-	-0.44	-0.10	-0.60	-0.04	-0.08	0.19	0.75	0.75	0.11	0.53

Performance (Chart)



Regional Allocation

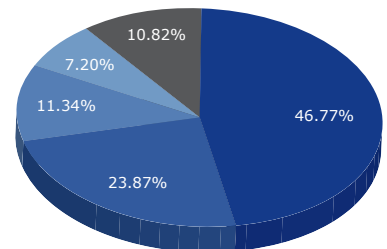
- MENA (72.52%)
- Africa (5.26%)
- Asia (4.68%)
- South Asia (4.55%)
- Europe* (2.17%)
- Cash (10.82%)



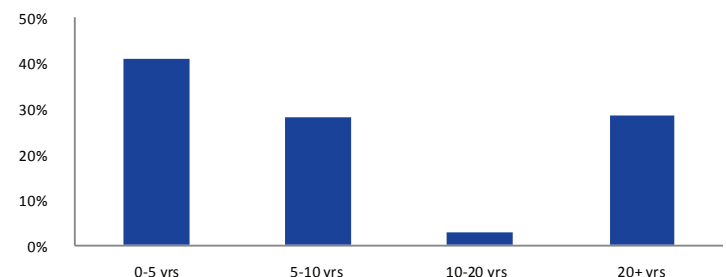
*UAE Emirates Airline financing with UK export agency guarantee

Industry Allocation

- Financial (46.77%)
- Sovereign (23.87%)
- Consumer, Non-Cyclical (11.34%)
- Consumer, Cyclical (7.20%)
- Cash (10.82%)



Maturity Profile



Note: 0.00% of the portfolio is hedge with US Treasury Interest Rate Futures

Fund's benchmark until Dec 31, 2013 was HSBC Nasdaq Dubai ME index. However w.e.f 1st January 2014, the fund has changed its benchmark to JP Morgan MECI Index - BB Ticker (JCADMETR). All historical benchmark performances have been replaced to that effect.

SI: Since Inception, MTD: Month to Date, YTD: Year to Date

Makaseb Income Fund (MIF)

Fund Details

Fund size	USD 22.89 million	Bloomberg Ticker	MAKAINC BI
Fund Type	Open Ended	Zawya Code	MAKINCM.MF
Inception Date	March 29, 2006	Lipper ID	65038282
Domicile	Bahrain	Minimum Subscription	USD 10,000 and in multiples of USD 1,000 thereafter
Currency	USD	Subscription Fee	Up to 2%
Benchmark	JP Morgan MECI Index	Performance Fee	Nil
Fund Manager	Mashreq Capital (DIFC) Limited	Management Fee	75 bps
Valuation Day	Each Business Day	Redemption Fee	3% within first 3 months; 2% within 3-6 months; 1% within 6-12 months
Dealing Day (Subscription/Redemption)	Each Business Day	Settlement for Subscriptions	2 Business Days prior to Dealing Day
ISIN	BH000A0J3RR6	Settlement for Redemption	5 Business Days after the Dealing Day
		Notice Periods	2 Business Days each for Subscriptions and Redemptions

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