

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

The Makaseb Income fund continues to be the best performing MENA fixed income fund in the region. The fund's value increased by 51 basis point in August and 7.48% year-to-date. The fund continues to outperform the index by more than 200 basis points.

August was a data heavy month with US data being mixed. The Fed's meeting in Jackson Hole did not bring any major new insights. Geopolitical tension with North Korea has resulted in a flight to quality and safe haven assets outperformed risky assets.

We remain on the cautious side as we think that some of the wider issues are not fully appreciated by the market: Fed balance sheet tapering, ECB guiding on the exit of their asset purchasing program, geopolitical tension in the Korean peninsula and a prolonged Qatar embargo.

New bond issuance has slowed down during the month of August which we think will pick up in September as we continue to see the market attracting more HY and first time issuers.

Short dated, high yield names should continue to outperform high investment grade names in medium term as we anticipate a market correction.

The fund's average rating was BB-, average yield was 4.27% and duration is 3.3 years with the average effective maturity being 4.2 years..

Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI		
MIF	0.51%	7.48%	6.05%	13.35%	34.36%	53.03%		
Benchmark	0.37%	5.05%	2.99%	12.68%	25.59%	96.71%		
	2010	2011	2012	2013	2014	2015	2016	2017
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

Arab Republic Of Egypt	8.92%
Dp World Ltd	8.76%
Maf Global Securities	7.72%
Turkish Airln 15-1 A Ptt	7.21%
Kt Kira Sert Varlik	6.62%

Fund Statistics

Average Coupon	4.69
Fund Rating	BB-
Average Maturity	4.18
Average Yield	4.27
Modified Duration	3.27
CAGR Since Incep	3.74%
1 year Volatility	2.33%
3 year Volatility	4.14%
Sharpe Ratio - 1 year	1.98
Sharpe Ratio - 3 year	2.88

Monthly Performance (%)

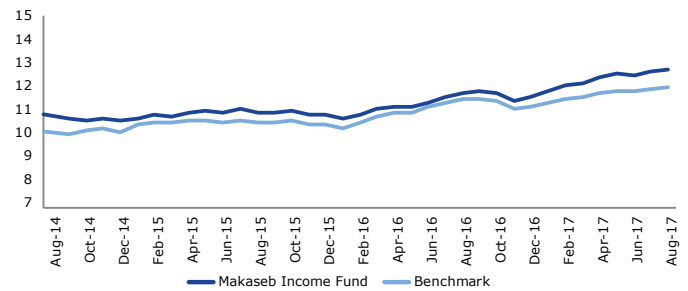
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	1.69	1.50	0.51	1.32	1.10	-0.55	1.18	0.51	-	-	-	-	7.48
2016	-1.16	1.19	1.39	0.75	0.14	1.01	1.17	1.43	0.17	-0.31	-2.07	0.90	4.65
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	1.88
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	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

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.

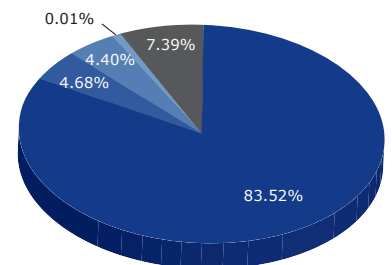
SI: Since Inception, MTD: Month to Date, YTD: Year to Date

Performance (Chart)



Regional Allocation

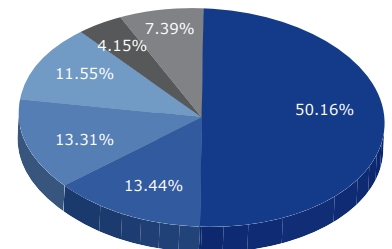
- MENA (83.52%)
- Asia (4.68%)
- South Asia (4.40%)
- Europe* (0.01%)
- Cash (7.39%)



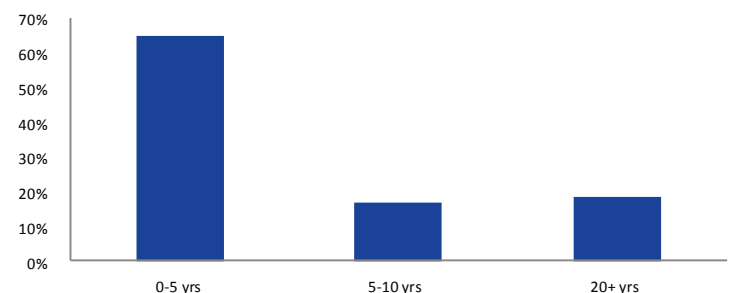
*UAE Emirates Airline financing with UK export agency guarantee

Industry Allocation

- Financial (50.16%)
- Sovereign (13.44%)
- Consumer, Non-Cyclical (13.31%)
- Consumer, Cyclical (11.55%)
- Industrial (4.15%)
- Cash (7.39%)



Maturity Profile



Makaseb Income Fund (MIF)

Fund Details

Fund size	USD 23.32 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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