

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

Leading the pack

The Makaseb Income fund continues to be the best performing MENA fixed income fund year-to-date. It added another 1.32% in April and extending its year-to-date performance to 5.11%, outperforming the index by over 150 basis points.

April continued to be a busy month in the market with many new issues like Ezdan, African Finance, Mubadala and KSA to name a few. We participated actively and were able to generate some additional alpha. However we turned slightly more defensive towards the end of the month and raised cash levels close to 20%. There is no particular catalyst but we see that market valuations are topish and opportunity costs for standing on the sideline are low. We remain flexible and able to opportunistically enter the market when we identify value.

The US economy appears to have good momentum but does not appear to be overheating. Especially inflation remains remarkably low. A realistic 2 to 3 rate hikes in 2017 are discounted by the market. It will be crucial to watch out for policy details and changes - both on the monetary and fiscal side. On the fiscal side, we don't expect any market moving events in the short term. As June gets closer, we expect another rate hike but without turbulences unless there is some surprising hawkishness in the language.

Our strategy for 2017 remains to manage portfolios tactically in order to avoid headwinds that might come from rising yields as well as taking advantage of likely overreactions that the market will experience throughout the year because of the political calendar and other sources of uncertainty.

After a very strong start into the year, we are more selective with credit spreads and more cautious about interest rate risk. Broadly speaking, we still favor high yield over investment grade.

The fund's average rating was BB+, average yield was 4.8% and duration at 4.0 years with the average maturity being 8.5 years.

Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI	
MIF	1.32%	5.11%	7.66%	12.89%	37.96%	49.65%	
Benchmark	0.81%	3.54%	5.39%	14.42%	29.47%	93.88%	
	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

Turkish AirIn 15-1 A Ptt	7.23%
Ezdan Sukuk Co Ltd	5.37%
Bnq Cen Tunisia Int Bond	4.89%
Kernel Holding Sa	4.67%
Arab Republic Of Egypt	4.56%

Fund Statistics

Average Coupon	4.76
Fund Rating	BB+
Average Maturity	8.46
Average Yield	4.75
Modified Duration	3.99
CAGR Since Incep	3.65%
1 year Volatility	2.40%
3 year Volatility	4.21%
Sharpe Ratio - 1 year	2.43
Sharpe Ratio - 3 year	2.63

Monthly Performance (%)

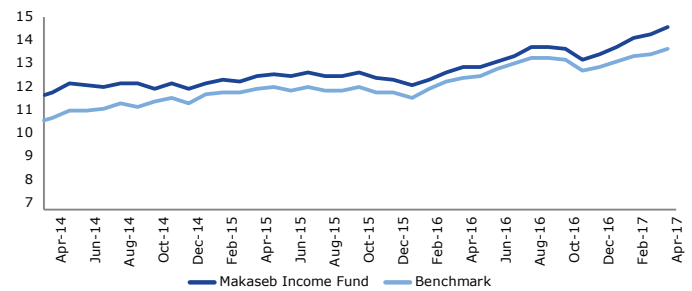
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	1.69	1.50	0.51	1.32	-	-	-	-	-	-	-	-	5.11
2016	-1.16	1.19	1.39	0.75	0.14	1.01	1.17	1.43	0.17	-0.31	-2.07	0.90	4.65
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	1.88
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	0.71	-0.16	-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

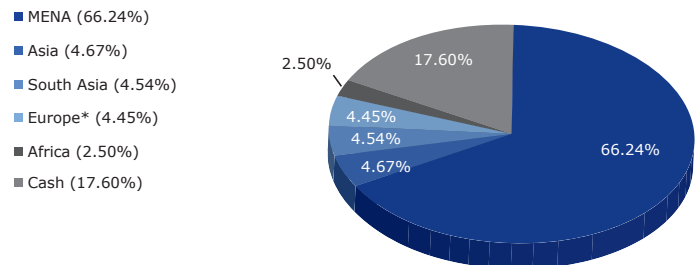
Fund's benchmark until Dec 31, 2013 was HSBC Nasdaq Dubai ME index. However w.e.f 1st January 2014, the fund has changed its benchmark to JP Morgan MECI Index - BB Ticker (JCADMETR). All historical benchmark performances have been replaced to that effect.

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

Performance (Chart)

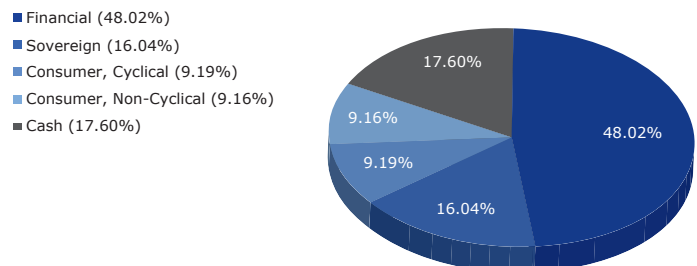


Regional Allocation

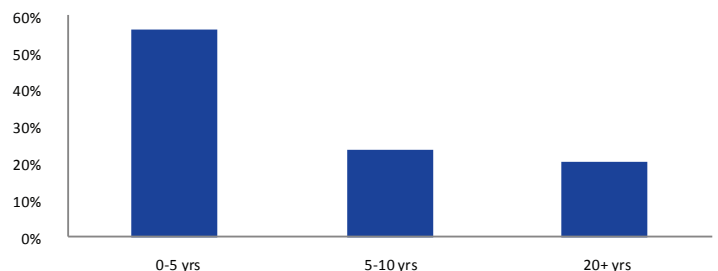


*UAE Emirates Airline financing with UK export agency guarantee

Industry Allocation



Maturity Profile



Makaseb Income Fund (MIF)

Fund Details

Fund size	USD 22.77 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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