

NAV as at Feb 28, 2017: USD 13.94

## 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

#### Momentum continues

The Makaseb Income fund is the best performing fund year-to-date within its category, adding 1.5% in February and returning 3.21% YTD. The index in return added only 1.21% last month and stands at 2.26% YTD.

February was a second strong month generally. The US Treasury curve fluctuated between 2.32% and 2.52% while broad market spreads tightened slightly. However, it was far from a quiet month as we saw a lot of dynamics come into play.

The primary market was very active with some of the new issues doing extremely well. Among the best performing new issues were the new Egyptian sovereign issues, ICD and some selected EM corporates.

In terms of data points, we had a lot of anticipated events: the FOMC meeting, employment data, Yellen testifying in congress, Fed minutes, a Trump speech and lots of presidential tweets, all of which failed to provide more clarity. We learned little about US policy when it comes to tax reform, defense, infrastructure spending and the controversial so-called border adjustment tax. The Fed's immediate plans are clearer: just as the month ended and March started, Fed officials started hinting at the strong possibility of a rate hike in March.

The US economy appears to have good momentum and a realistic scenario of 2-3 rate hikes in 2017 is discounted by the market now.

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 now 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 therefore BB, average yield was 4.6% and duration at 4.3 years with the average maturity at 5.5 years.

### Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI
MIF	1.50%	3.21%	7.98%	12.01%	38.48%	46.94%
Benchmark	1.21%	2.26%	6.69%	14.42%	30.05%	91.47%

	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

1Mdb Energy Ltd	8.68%
Third Pkstan Intl Sukuk	8.26%
Equate Petrochemical Bv	7.80%
Turkish AirIn 15-1 A Ptt	7.12%
Aabar Investments Pjsc	5.35%

### Fund Statistics

Average Coupon	4.89
Fund Rating	BB
Average Maturity	5.51
Average Yield	4.60
Modified Duration	4.26
CAGR Since Incep	3.53%
1 year Volatility	2.39%
3 year Volatility	4.25%
Sharpe Ratio - 1 year	2.53
Sharpe Ratio - 3 year	2.37

### Monthly Performance (%)

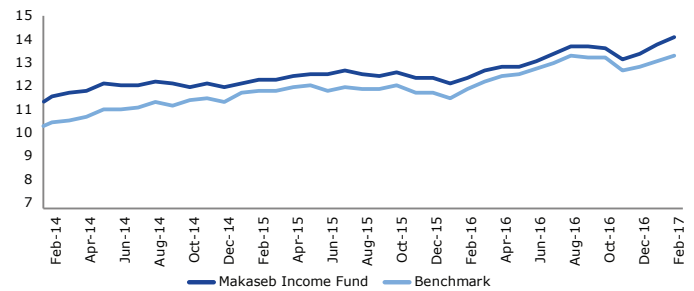
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	1.69	1.50	-	-	-	-	-	-	-	-	-	-	3.21
2016	-1.16	1.19	1.39	0.75	0.14	1.01	1.17	1.43	0.17	-0.31	-2.07	0.90	4.65
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	1.88
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	0.71	-0.16	-0.87	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.

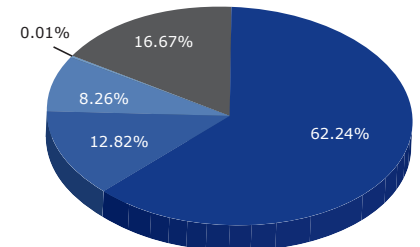
SI: Since Inception, MTD: Month to Date, YTD: Year to Date

### Performance (Chart)



### Regional Allocation

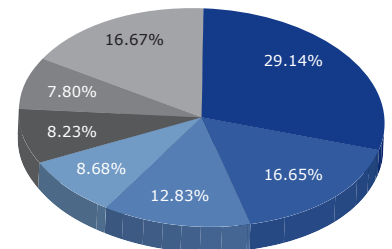
- MENA (62.24%)
- Asia (12.82%)
- South Asia (8.26%)
- Europe\* (0.01%)
- Cash (16.67%)



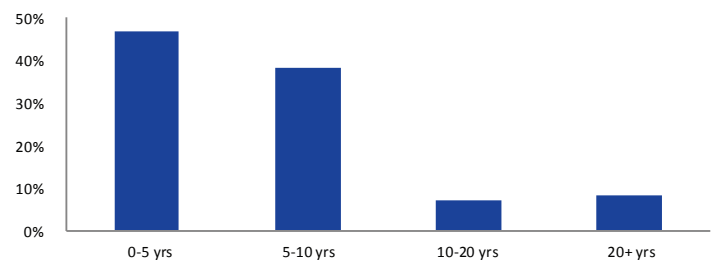
\*UAE Emirates Airline financing with UK export agency guarantee

### Industry Allocation

- Financial (29.14%)
- Sovereign (16.65%)
- Consumer, Cyclical (12.83%)
- Utilities (8.68%)
- Consumer, Non-Cyclical (8.23%)
- Basic Materials (7.80%)
- Cash (16.67%)



### Maturity Profile



## Makaseb Income Fund (MIF)

### Fund Details

Fund size	USD 24.90 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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