

## 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 year-to-date. The fund's value increased by 81 basis point in October and year to date the fund is up 8.72%. The fund now outperforms the index by 3.78%.

In our opinion, the market is still not pricing in the Fed tapering off their balance sheet, however, the potential rate hike in December is materially priced in at current levels. The regional market has started pricing in some of the tension that we've seen in the Middle East.

New issues have had the spotlight during the month of October with a few landmark deals such as the ADNOC (Abu Dhabi), Mazoon (Oman) Noga Holding (Bahrain) and Apicorp (regional) which have all performed well on the back of stable rates and favorable investor pricing.

We expect a continuing slightly hawkish tone from the Fed with one more rate hike or the equivalent in terms of balance sheet reduction during the rest of the year. We see the nomination of Jerome Powell to becoming the Federal Reserve Chair as a continuation to Yellen's thought process. We also expect the data to pick up on the back of the upcoming holiday season. Oil is expected to stay range bound with a potential upside surprise, given the Venezuelan uncertainty and continued risk to global oil supply led by the production cuts and geopolitics.

We see the risk to the bond market resulting from positive economic boosts by tax reform or infrastructure spending currently as low on the back of a White House that lacks legislative experience or bipartisan support. However the underlying growth momentum appears to be strong enough to support further US economic improvements as also indicated by the latest Federal Reserve press release.

We continue to favor short dated, high yield names over high rated investment grade names in the medium term as we think a market correction is likely. However, opportunistically there are pockets of value in the long end which we take advantage of.

The fund's average rating was BB-, average yield was 4.22% and modified duration is 3.22 years with the average effective maturity being 4.15 years.

### Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI
MIF	0.81%	8.72%	7.43%	15.85%	29.94%	54.80%
Benchmark	-0.15%	4.94%	3.27%	12.08%	22.20%	96.50%

	2010	2011	2012	2013	2014	2015	2016	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

Arab Republic Of Egypt	8.87%
Dp World Ltd	8.78%
Maf Global Securities	7.67%
Kt Kira Sert Varlik	6.55%
Bnq Cen Tunisia Int Bond	5.24%

### Fund Statistics

Average Coupon	4.78
Fund Rating	BB-
Average Maturity	4.15
Average Yield	4.22
Modified Duration	3.22
CAGR Since Incep	3.78%
1 year Volatility	2.15%
3 year Volatility	4.05%
Sharpe Ratio - 1 year	2.52
Sharpe Ratio - 3 year	3.41

### Monthly Performance (%)

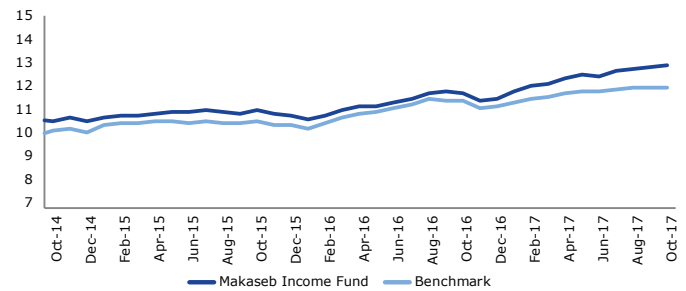
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	1.69	1.50	0.51	1.32	1.10	-0.55	1.18	0.51	0.34	0.81	-	-	8.72
2016	-1.16	1.19	1.39	0.75	0.14	1.01	1.17	1.43	0.17	-0.31	-2.07	0.90	4.65
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	1.88
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-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.

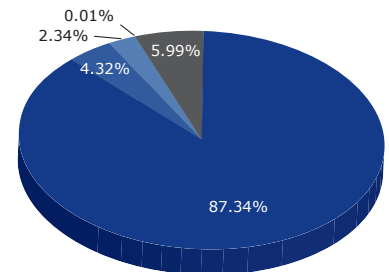
SI: Since Inception, MTD: Month to Date, YTD: Year to Date

### Performance (Chart)



### Regional Allocation

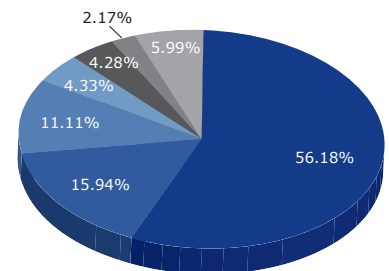
- MENA (87.34%)
- South Asia (4.32%)
- Asia (2.34%)
- Europe\* (0.01%)
- Cash (5.99%)



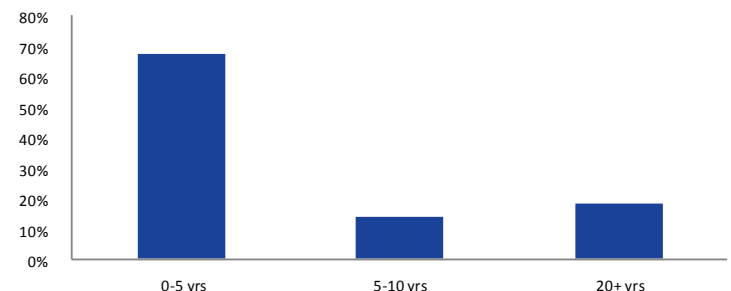
\*UAE Emirates Airline financing with UK export agency guarantee

### Industry Allocation

- Financial (56.18%)
- Sovereign (15.94%)
- Consumer, Non-cyclical (11.11%)
- Industrial (4.33%)
- Consumer, Cyclical (4.28%)
- Energy (2.17%)
- Cash (5.99%)



### Maturity Profile



## Makaseb Income Fund (MIF)

### Fund Details

Fund size	USD 23.54 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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