

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 Managers Commentary

Protection of performance in February

MIF returned 2.09% year to date while the benchmark remains in negative territory. Rising rates in treasuries and a more cautious approach to risk remain the two main drivers. As in January we maintained our defensive strategy while improving the performance slightly. We were happy to declare a 4% dividend to our investors at the end of February payable in March and to keep most of last year's gains reinvested.

In the macroeconomic environment not much has changed since January except for generally unsatisfying election results in Italy and on the positive side on balance promising data out of the US.

The fund stays consistent in its strategy and the focus is on investments regionally but also on seizing opportunities outside the region in Emerging Markets. Some of the cash balance has been employed in investments that now allowed for more favorable entry points than at the beginning of the year. Interest rate risk will be monitored and managed as it has been the case since the beginning of the year.

The fund ended January with a lower cash balance of 3.7%, average rating of current holdings at BB and an average yield of 4.3%. Duration was further reduced to 3.3%

Fund Returns

	MTD	YTD	1 Year	3 Years	SI	
MIF	0.3%	2.1%	17.3%	9.6%	2.5%	
Benchmark	0.1%	-0.1%	10.1%	9.3%	5.1%	
	2007	2008	2009	2010	2011	2012
MIF	2.1%	-21.6%	10.4%	12.1%	0.9%	19.9%
Benchmark	3.2%	-14.6%	18.0%	10.3%	6.4%	12.0%

Top Holdings

Emaar Properties	12.6%
Dubai Holding Comm Op	11.1%
Indosat Palapa Co Bv	8.2%
Investcorp SA	5.9%
Yapi Ve Kredi Bankasi	4.9%

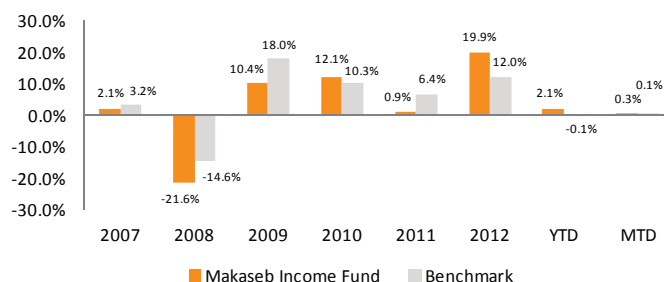
Fund Statistics

Average Coupon	6.0
Fund Rating	BB
Average Maturity	7.6
Average Yield	4.3
Modified Duration	3.3

Fund Details

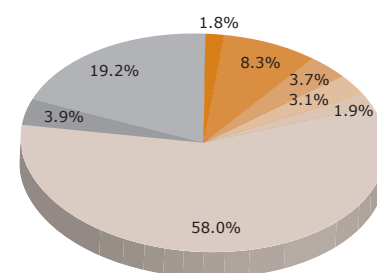
Fund Type	Open Ended
Domicile	Bahrain
Inception Date	Mar 29, 2006
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Each business day

Performance (Chart)



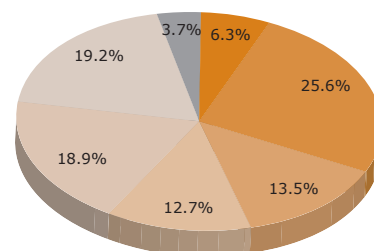
Regional Allocation

- Africa (1.8%)
- Asia (8.3%)
- Cash (3.7%)
- CIS (3.1%)
- Europe (1.9%)
- MENA (58.0%)
- South Asia (3.9%)
- US Treasury Futures (19.2%)



Ratings Breakdown

- A+ to A- (6.3%)
- BBB+ to BBB- (25.6%)
- BB+ to BB- (13.5%)
- B+ to B- (12.7%)
- Not Rated (18.9%)
- US Treasury Futures (19.2%)
- Cash (3.7%)



Benchmark: HSBC/ NASDAQ Dubai Middle East Investment Grade Total Return Index, SI: Since Inception, MTD: Month to Date, YTD: Year to Date

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