

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

Makaseb Income Fund is -4.25% for the month of June and up -0.08% YTD 2013

The Fund continues to outperforming its benchmark HSBC/NASDAQ Dubai Middle East index which is down 3.24% YTD.

June was a poor month of markets with virtually all financial assets finishing the month lower. Driven by US Treasuries which were down -1.4% in June bringing the YTD losses to -2.4% as the FED showed no desire to soften tapering expectations. Which in turn resulted in outflows from bond funds, as tapering by the FED in September is the consensus view bonds funds have seen record outflows in June.

We have reduced duration and raised cash in the fund and will look for opportunities in the coming weeks to reinvest the cash in names that are fundamentally sound but have underperformed the rest of the MENA markets as it looks like we have reached a short-term bottom assuming US 10yr treasury bond stays in the current range of 2.4% to 2.7%.

The fund has hedged interest rate risk by selling treasury futures and as the end of the month the portfolio was 22.74% hedged and we will continue to use futures to increase or decrease the hedge depending on what conditions prevail in the US Treasury bond market.

The fund ended the month with a cash balance of 14.34%, average rating of BB and an average yield of 5.94%.

Fund Returns

	MTD	YTD	1 Year	3 Years	SI	
MIF	-4.2%	-0.1%	11.4%	29.3%	21.8%	
Benchmark	-2.7%	-3.2%	2.9%	20.4%	37.8%	
	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 PJSC	9.8%
Dana Gas PJSC	6.8%
Dubai Holding Commercial Opera	6.6%
Emirate Of Dubai United Arab E	6.4%
Jebel Ali Free Zone Fze	6.4%

Fund Statistics

Average Coupon	6.4
Fund Rating	BB
Average Maturity	8.5
Average Yield	5.9
Modified Duration	3.0
CAGR Since Incep	2.7
1 year volatility	4.1
3 year volatility	8.8
Sharpe Ratio - 1 year	2.6
Sharpe Ratio - 3 year	3.3

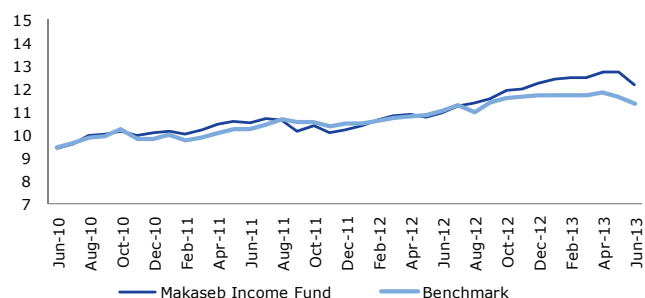
Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	-	-	-	-	-	-	-0.08
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	19.36
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	1.35
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	12.52
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	10.02
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	3.26
2006	-	-	-	-0.44	-0.10	-0.60	-0.04	-0.08	0.19	0.75	0.75	0.11	0.53

Fund Details

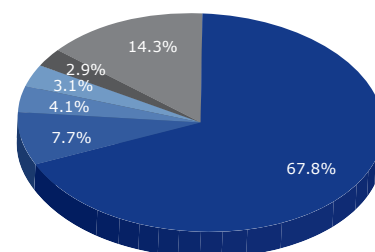
Fund Size	USD 35.31 million
Fund Type	Open Ended
Domicile	Bahrain
Inception Date	Mar 29, 2006
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Each business day

Performance (Chart)



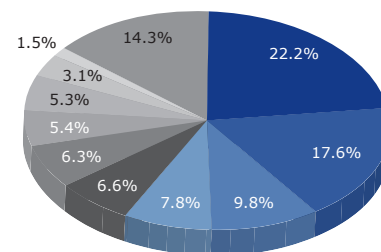
Regional Allocation

- MENA (67.8%)
- Asia (7.7%)
- South Asia (4.1%)
- CIS (3.1%)
- Europe (2.9%)
- Cash (14.3%)

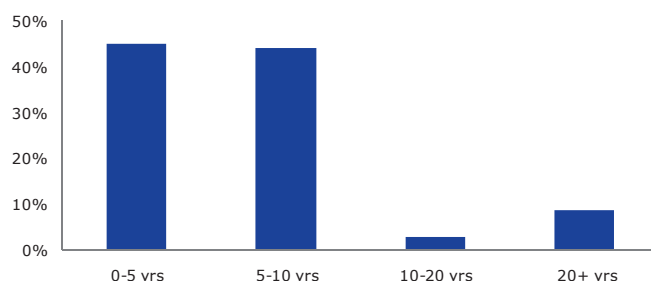


Industry Allocation

- Financial (22.2%)
- Industrial (17.6%)
- Real Estate (9.8%)
- Sovereign (7.8%)
- Conglomerate (6.6%)
- Telecom Services (6.3%)
- Airlines (5.4%)
- Utilities (5.3%)
- Logistics (3.1%)
- Energy (1.5%)
- Cash (14.3%)



Maturity Profile



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