

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

The Makaseb Income Fund gained 0.93% in January while the HSBC/Nasdaq Dubai Investment Grade benchmark index returned 1.48% over the same period.

Emerging markets started the first two weeks of the year on a strong note before the rally fizzled. The regional market on the other hand has performed relatively better and was up 1.48% over the month. Meanwhile, the Fund entered the new year with a conservative position and held material amount of cash so as to participate in the much expected new issuances. As volatility in US Treasury rates continues, the fund has also been repositioned to decrease duration.

The Makaseb Income Fund continues to focus on the MENA region, with only 5% invested in Asia and 11% held in cash.

Fund Returns

	MTD	YTD	1Y	3Y	SI
MIF	0.9%	0.9%	11.5%	-1.1%	1.6%
Benchmark	1.5%	1.5%	10.7%	12.8%	21.3%
	2007	2008	2009	2010	
MIF	2.1%	-21.6%	10.4%	12.1%	
Benchmark	3.2%	-14.6%	18.0%	10.3%	

Top Holdings

Dana Gas	8.8%
Kingdom Of Morocco	7.7%
Dubai Govt.	7.5%
Emirates Airlines	6.0%
Emirates Bank	5.9%

Fund Statistics

Coupon	5.7
Fund Rating	BB+
Maturity	5.6
Yield	8.2
Modified Duration	2.7

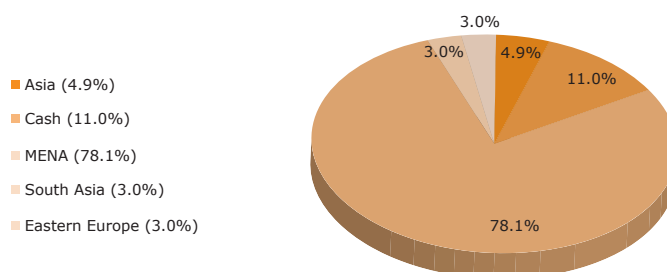
Fund Details

Fund Type	Open Ended
Domicile	Bahrain
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Weekly

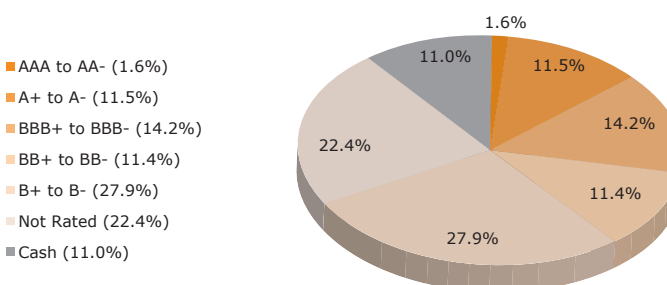
Performance (Chart)



Regional Allocation



Ratings Breakdown



Benchmark: HSBC/ NASDAQ Dubai Middle East Investment Grade Sukuk/ Bond Index (MEIGTR), SI: Since Inception, MTD: Month to Date, YTD: Year to Date

Contact Us: Tel: +9714 207 8811, Email: assetmanagement@mashreqbank.com, Web: www.mashreqassetmanagement.com

Disclaimer: This note has been prepared solely for information purposes. It does not constitute an investment advice, solicitation, offer or personal recommendation by Mashreq Asset Management or any of its related parties to buy or sell any securities, product, service or investment or to engage in or refrain from engaging in any transaction, particularly, in any jurisdiction where such an offer or solicitation would be illegal. Certain assumptions may have been made in the analysis that resulted in any information and results/returns detailed therein. No representation is made that any returns/results indicated would be achieved or that all assumptions in achieving these returns/results have been considered. Past performance is not necessarily indicative of future results. Mashreq Asset Management does not warrant the accuracy of the information provided herein and views expressed in this note reflect personal views of the analyst(s) which does not take account of individual clients' objectives, financial situations or needs. Investors are required to undertake their own assessment and seek appropriate financial, legal, tax and regulatory advice to determine whether this investment is appropriate for them in light of their experience, objectives, financial resources and other relevant circumstances. Mashreq Asset Management, nor any of its related parties accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this memorandum and/or further communication in relation thereto. Mashreq Asset Management does not accept any obligation to correct or update the information or opinions in it; however, opinions expressed are subject to change without notice. This note is disseminated primarily electronically, and, in some cases, in printed form. The above terms are indicative and do not constitute solicitation or an offer to sell to the public. This document is not intended to identify, represent or notify the conclusive terms and conditions of any transaction, other material considerations and any possible risks, direct or indirect, that would be involved in undertaking such a transaction.