

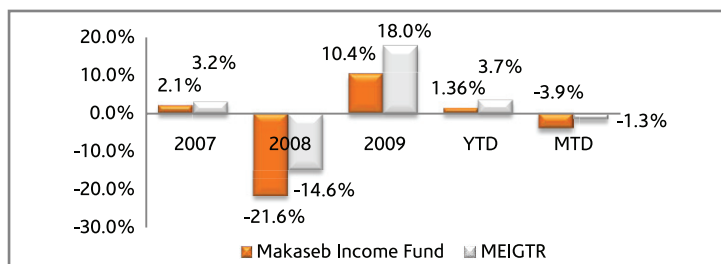
Makaseb Income Fund (MIF)

NAV as at May 25, 2010 : USD: 9.11

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.

Performance Chart



Fund Returns

	MTD	YTD	1 YEAR	3 YEAR	Since Inception
Makaseb Income Fund	-3.9%	1.70%	12%		
MEIGTR	-1.3%	3.67%	11%		
	2005	2006	2007	2008	2009
Makaseb Income Fund			2.1%	-21.6%	10.4%
MEIGTR			3.2%	-14.6%	18.0%

Inception Date: November 2005

*MEIGTR Index: HSBC/ NASDAQ Dubai Middle East Investment Grade Sukuk/ Bond Index

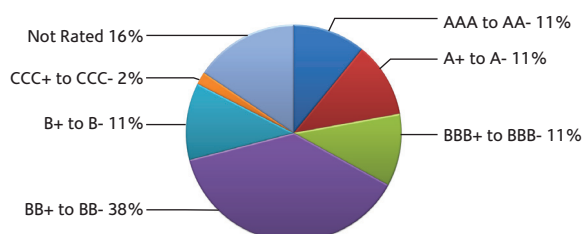
Fund Managers Commentary

The Makaseb Income Fund (MIF) was down 3.90% in the month of May. The direction of the regional credit market has been dictated by the European crisis, with adverse news flow from Europe directly affecting the entire spectrum of GCC names.

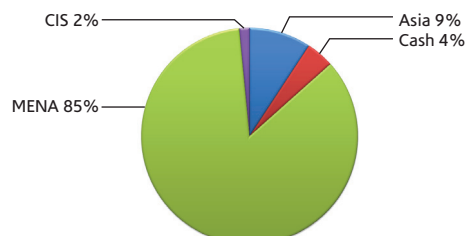
The fund's underperformance compared to the regional benchmark can be attributed to a few Asian credits as part of the fund's mandate allowing investment in ex-GCC Emerging Markets to improve portfolio diversification. As the European crisis continues to draw out with little positive development in sight, we are investing closer to home and are currently 85% invested within MENA. We have reduced our investments in Asia this month, down to 9.26% from 15.83% in April.

Meanwhile, we have also used some cash to take advantage of the volatility in the market by building positions on dips. We continue to believe that the current environment provides an opportunity to invest in regional credits that have strong Sovereign support and sound underlying business.

Ratings Breakdown



Regional Allocation



Top Holdings

Commercial Bank of Qatar	10.38%
Dar Al-Arkan Real Estate	9.03%
Arab Republic Of Egypt	8.18%
Qatar Telecom	7.42%
DP World	6.91%

Fund Statistics

Coupon	6.57
Fund Rating	BBB-
Maturity	9.74
Yield	8.47
Modified Duration	5.69

Executive Summary

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

Subscription/ redemption	Weekly
Management Fee	0.75% p.a.
Auditor	Deloitte & Touche
Registrar, Administrator & Custodian	HSBC Middle East
Bloomberg Ticker	MAKAINC BI
Zawya Code	MAKINCM.MF

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