

## 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

**MIF was up 1.33% for the month of July 2011 and up 6.06% YTD**

The MENA benchmark index, HSBC/Nasdaq Dubai Investment Grade, was up 1.85% for the month and up 5.66% YTD.

Regional spreads continue to add to the gains of the year and have outperformed the rest of the Global HY space. It seems like investors have decided that the MENA Region is a safe haven along with other emerging markets that do not have the problems of dealing with a sovereign debt crisis like Europe and the Debt ceiling and Political stalemate that plagues the US.

The new issue calendar, which had shown signs of heating up in July didn't materialize with only First Gulf Bank actually coming to market with a 5 year Sukuk which was oversubscribed and has done well in the secondary.

We continue to monitor the portfolio in light of political and economic developments with regards to both Sovereign debt crisis in Europe and the Debt ceiling debate and deal in the US.

The fund ended July with 3.97% in cash, an average rating of BB, and yield of 6.67%.

### Fund Returns

	MTD	YTD	1 Year	3 Years	SI
MIF	1.3%	6.1%	12.1%	1.4%	5.5%
Benchmark	1.9%	5.7%	8.4%	5.4%	36.4%
		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
MIF		2.1%	-21.6%	10.4%	12.1%
Benchmark		3.2%	-14.6%	18.0%	10.3%

### Top Holdings

Dubai Holding Comm Op	12.1%
Atlantic Finance Ltd	6.5%
Dubai Electricity & Water	6.1%
Gtb Finance Bv	6.0%
Qtel International Fin	5.8%

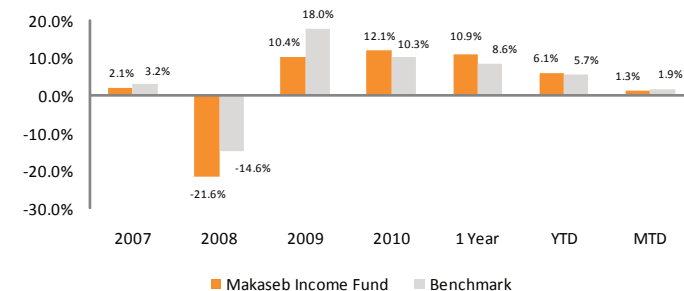
### Fund Statistics

Coupon	5.9
Fund Rating	BB
Maturity	6.6
Yield	6.7
Modified Duration	4.7

### Fund Details

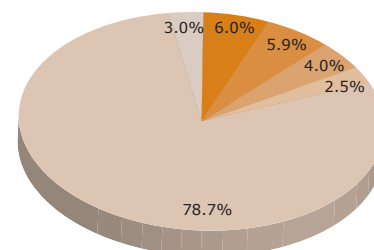
Fund Type	Open Ended
Domicile	Bahrain
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Weekly

### Performance (Chart)



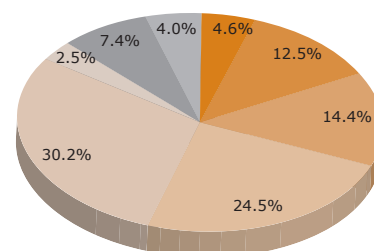
### Regional Allocation

- Africa (6.0%)
- Asia (5.9%)
- Cash (4.0%)
- CIS (2.5%)
- MENA (78.7%)
- South Asia (3.0%)



### Ratings Breakdown

- AAA to AA- (4.6%)
- A+ to A- (12.5%)
- BBB+ to BBB- (14.4%)
- BB+ to BB- (24.5%)
- B+ to B- (30.2%)
- CCC+ to CCC- (2.5%)
- Not Rated (7.4%)
- Cash (4.0%)



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

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