

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 + 1.78% for the month of July and up 1.7% YTD 2013

The Fund continues to outperforming its benchmark HSBC/NASDAQ Dubai Middle East index which is -2.16% YTD.

July saw credit markets rebound from the sharp selloff in June. Mainly driven by the consensus view that tapering by the FED will begin in September and the US 10yr treasury has already re-priced to a level that has priced in the 1st leg of tapering.

In June we had reduced duration and raised cash in the fund (14.34% in cash as of June end) and have re-deployed that cash in names that are fundamentally sound but have underperformed the rest of the MENA markets in the selloff.

Markets remained relatively quiet and constructive in terms of price discovery and liquidity as the US rate volatility has reduced in July. The next big test for credit markets would be in September when the magnitude and timing of tapering should provide some nervous moments.

The fund remains hedged interest rate risk by selling treasury futures and as the end of the month the portfolio was 24.55% 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 2.86%, average rating of BB+ and an average yield of 5.32%.

Fund Returns

	MTD	YTD	1 Year	3 Years	SI	
MIF	1.8%	1.7%	10.1%	28.9%	24.0%	
Benchmark	1.1%	-2.2%	1.9%	19.4%	39.3%	
	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 Sukuk Ltd	10.2%
Jafz Sukuk Ltd	6.4%
Indosat Palapa Co Bv	6.3%
Investcorp Sa	6.1%
Kingdom Of Bahrain	5.8%

Fund Statistics

Average Coupon	6.4
Fund Rating	BB+
Average Maturity	8.5
Average Yield	5.3
Modified Duration	3.2
CAGR Since Incep	2.9
1 year volatility	3.8
3 year volatility	8.8
Sharpe Ratio - 1 year	2.5
Sharpe Ratio - 3 year	3.2

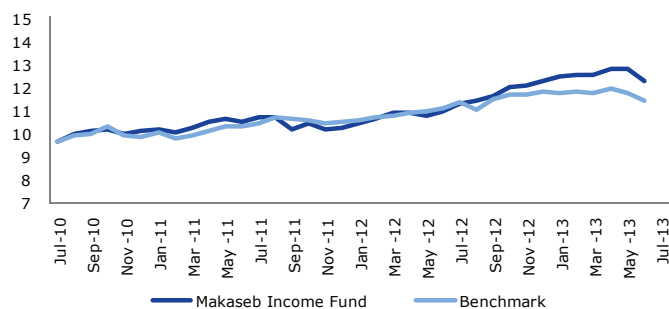
Monthly Performance (%)

	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	1.78	-	-	-	-	-	1.70
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

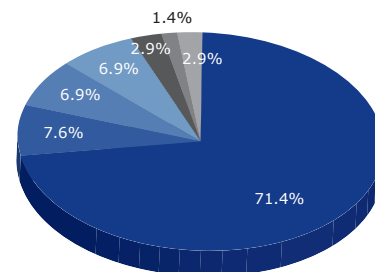
Fund Size	USD 35.31 million
Fund Type	Open Ended
Domicile	Bahrain
Inception Date	Mar 29, 2006
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Each business day

Performance (Chart)



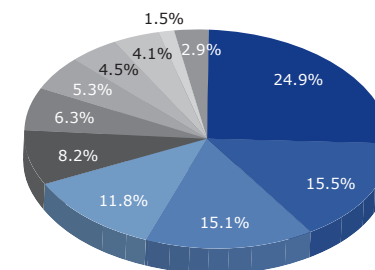
Regional Allocation

- MENA (71.4%)
- Asia (7.6%)
- CIS (6.9%)
- South Asia (6.9%)
- Europe (2.9%)
- Africa (1.4%)
- Cash (2.9%)

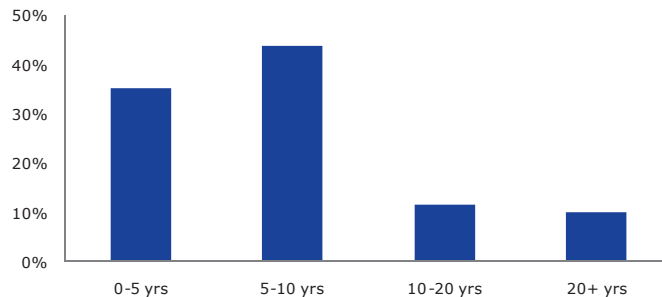


Industry Allocation

- Financial (24.9%)
- Industrial (15.5%)
- Sovereign (15.1%)
- Real Estate (11.8%)
- Utilities (8.2%)
- Telecom Services (6.3%)
- Energy (5.3%)
- Conglomerate (4.5%)
- Airlines (4.1%)
- Logistics (1.5%)
- Cash (2.9%)



Maturity Profile



Subscription/ redemption	Each business day
Management Fee	0.75% p.a.
Performance Fee	Nil
Auditor	Deloitte & Touche
Registrar	Key Point
Administrator & Custodian	HSBC
Bloomberg Ticker	MAKAINC BI
Zawya Code	MAKINCM.MF

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

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