

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 -0.18% for the month of November and up 4.66% YTD 2013

The Fund continues to outperforming its benchmark HSBC/NASDAQ Dubai Middle East index which is -0.18% YTD.

After two consecutive months of positive returns, November turned negative for most emerging market bonds indices by about 2.5%. In this context our regional index outperformed as it was almost flat at -0.08% for the month of November.

The market focused on US economic data releases and on FED Tapering expectation during the month, with the consensus building around March 2014 for the start of tapering. But this is a moving target that will be data dependent and on the outlook for Budget negotiations and debt ceiling debate that will come to the forefront in February 2014.

Regional primary markets were active in November, with host new issues and a couple more expected. There was a huge interest in the new issues by FGB, BMCE, Dar al Arkan, Aldar and Ooredoo (formerly Qtel). The fund took profit in some names to rotate into the new issues which came at a small premium to the existing curve, but all in all remained cautious and maintained higher cash levels. This will be used as and when better relative value is available.

The fund remains cautious at these levels as spreads have recovered and for the MENA region are tighter than pre-FED Tapering talk began in May. We will continue to actively manage rate risk by hedging the portfolio by shorting Treasury futures in-line with rate expectations and are currently hedged about 30% in the portfolio.

The fund ended the month with a cash balance of 8.1%, average rating of BBB- and an average yield of 5.7%.

Fund Returns

	MTD	YTD	1 Year	3 Years	SI	
MIF	-0.18%	4.66%	6.49%	28.05%	27.57%	
Benchmark	-0.11%	-0.21%	0.54%	18.94%	42.12%	
	2007	2008	2009	2010	2011	2012
MIF	2.11%	-21.59%	10.38%	12.08%	0.92%	19.93%
Benchmark	3.17%	-14.60%	17.96%	10.33%	6.43%	12.05%

Top Holdings

Dubai Electricity & Water	6.39%
Maf Global Securities	5.71%
Emirates Nbd Tier 1	5.00%
Dubai Holding Comm Op	4.61%
Indosat Palapa Co Bv	4.39%

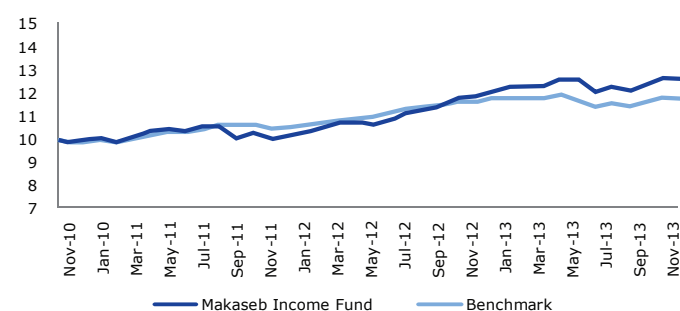
Fund Statistics

Average Coupon	6.33
Fund Rating	BBB-
Average Maturity	8.60
Average Yield	5.71
Modified Duration	3.33
CAGR Since Incep	3.18
1 year volatility	3.93
3 year volatility	8.74
Sharpe Ratio - 1 year	1.51
Sharpe Ratio - 3 year	3.15

Monthly Performance (%)

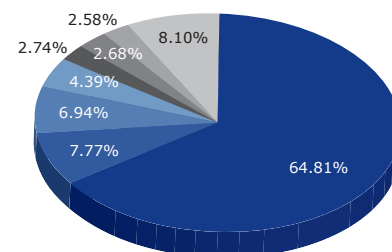
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	1.78	-1.53	2.52	2.12	-0.18	-	4.66
2012	1.79	2.09	1.99	0.24	-0.99	1.84	2.95	1.15	1.43	3.11	0.56	1.74	19.93
2011	0.87	-1.38	1.49	2.78	1.06	-0.82	1.91	-0.37	-4.60	2.54	-2.91	1.04	0.92
2010	1.21	-1.04	6.12	-0.45	-3.34	2.82	2.12	3.28	1.03	1.25	-1.96	1.14	12.08
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	10.38
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	2.11
2006	-	-	-	-0.44	-0.10	-0.60	-0.04	-0.08	0.19	0.75	0.75	0.11	0.53

Performance (Chart)



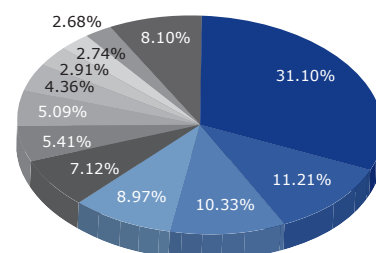
Regional Allocation

- MENA (64.81%)
- South Asia (7.77%)
- CIS (6.94%)
- Asia (4.39%)
- Europe (2.74%)
- Middle America (2.68%)
- Africa (2.58%)
- Cash (8.10%)

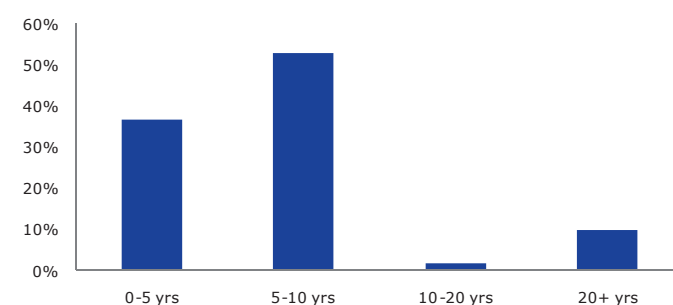


Industry Allocation

- Financial (31.10%)
- Utilities (11.21%)
- Conglomerate (10.33%)
- Industrial (8.97%)
- Telecom Services (7.12%)
- Sovereign (5.41%)
- Energy (5.09%)
- Real Estate (4.36%)
- Diversified Finan Serv (2.91%)
- Logistics (2.74%)
- Mining (2.68%)
- Cash (8.10%)



Maturity Profile



Makaseb Income Fund (MIF)

Fund Details

Fund size	USD 35.64 million
Fund Type	Open Ended
Inception Date	March 29, 2006
Domicile	Bahrain
Currency	USD
Benchmark	HSBC Nasdaq Dubai ME Investment Grade Index
Investment Manager	Mashreq Bank
Fund Manager	Abdul Kadir Hussain, CFA
Valuation Day	Each Business Day
Dealing Day (Subscription/Redemption)	Each Business Day
ISIN	BH000A0J3RR6

Bloomberg Ticker	MAKAINC BI
Zawya Code	MAKINCM.MF
Lipper ID	65038282
Minimum Subscription	USD 10,000 and in multiples of USD 1,000 thereafter
Subscription Fee	2%
Performance Fee	Nil
Management Fee	75 bps
Settlement for Subscriptions	2 Business Days prior to Dealing Day
Settlement for Redemption	5 Business Days after the Dealing Day
Notice Periods	2 Business Days each for Subscriptions and Redemptions

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