

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 0.59% for the month of August 2011 and up 5.67% YTD

The MENA benchmark index, HSBC/Nasdaq Dubai Investment Grade, was up 1.9% for the month and up 7.44% YTD.

MENA, which has been relatively immune from the selloff globally, also began to soften when the risks of a global economic slowdown emerged driven by the concern of a double dip in the US.

We continue to outperform the rest of the global credit space but the major sell of that took place in Emerging markets at the end of August did have a dampening effect on regional spreads. There has been a shifting of risk from the high yielding Dubai names to the higher rated Qatar and Abu-Dhabi names in the region.

We feel that the dust will eventually settle, as we continue to see signs of a fundamental improvement in US economic data and improvement in corporate earnings.

The fund ended August with 4.28% in cash, an average rating of BBB-, and yield of 7.2%.

Fund Returns

	MTD	YTD	1 Year	3 Years	SI
MIF	0.6%	5.7%	7.7%	1.4%	5.1%
Benchmark	1.9%	7.4%	7.1%	5.4%	37.5%
		2007	2008	2009	2010
MIF		2.1%	-21.6%	10.4%	12.1%
Benchmark		3.2%	-14.6%	18.0%	10.3%

Top Holdings

Qtel International Fin	9.0%
Qatari Diar Finance Qsc	8.0%
Dubai Holding Comm Op	7.9%
Atlantic Finance Ltd	6.3%
Dubai Electricity & Water	6.1%

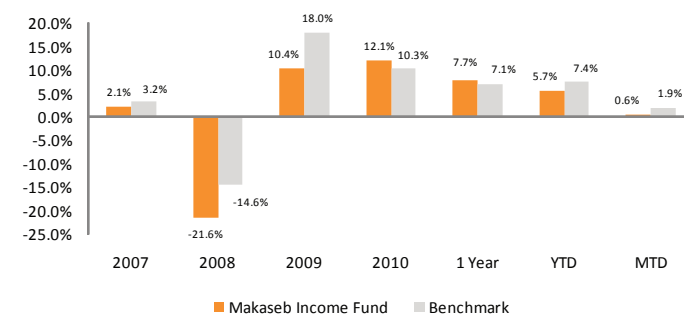
Fund Statistics

Coupon	6.3
Fund Rating	BBB-
Maturity	6.2
Yield	7.2
Modified Duration	4.8

Fund Details

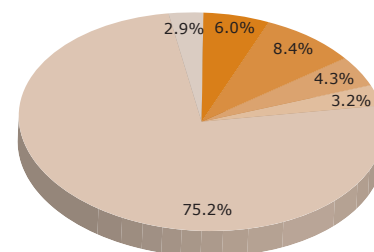
Fund Type	Open Ended
Domicile	Bahrain
Currency	USD
Regulator	Central Bank of Bahrain
Investment Manager	Mashreq Capital
Net Asset Value	Weekly

Performance (Chart)



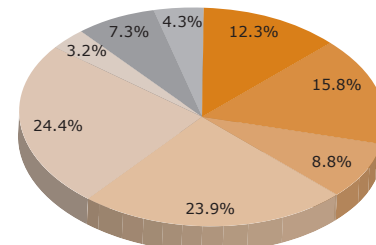
Regional Allocation

- Africa (6.0%)
- Asia (8.4%)
- Cash (4.3%)
- CIS (3.2%)
- MENA (75.2%)
- South Asia (2.9%)



Ratings Breakdown

- AAA to AA- (12.3%)
- A+ to A- (15.8%)
- BBB+ to BBB- (8.8%)
- BB+ to BB- (23.9%)
- B+ to B- (24.4%)
- CCC+ to CCC- (3.2%)
- Not Rated (7.3%)
- Cash (4.3%)



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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