

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 down 2.9% for the month of November 2011 but is still up 0.35% YTD

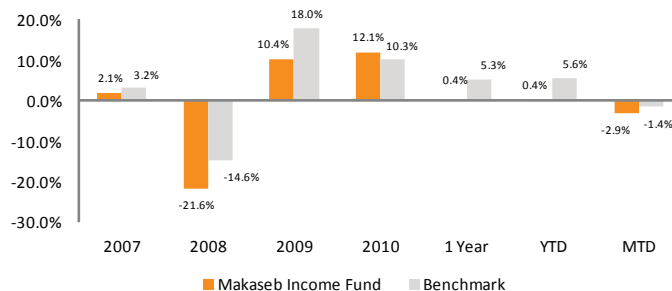
November was all about the European debt crisis again. The fourth quarter started and will continue to be dominated by news coming out of Europe which causes high volatility in the markets. Many market participants have positioned themselves at the sideline to wait and see what will be the outcome. One successful segment of the market was new MENA issues which have been very well received and shows that there is underlying interest to invest.

EM bonds were basically flat in November. YTD the S&P 500 is down around 1%, US HY up 4.4 and European HY down 3.8% with all markets trading strongly into the direction of daily news flow.

MENA regained some of its resilience but is far from being immune. The current attractive yields do offer good opportunities to invest in fundamentally strong issuers in the region. More and more it becomes evident that the markets favor bonds in regions that provide strong monetary and fiscal environments by having low debt-to-GDP ratios and running fiscal surpluses which happens to be mostly outside of developed economies like Europe.

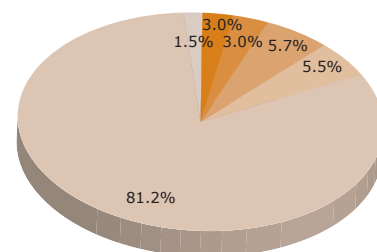
The fund used the opportunity to make some adjustments in its tactical allocation and ended November with 5.7% in cash, an average rating of BB+, and a yield of 10.3%.

Performance (Chart)



Regional Allocation

- Africa (3.0%)
- Asia (3.0%)
- Cash (5.7%)
- CIS (5.5%)
- MENA (81.2%)
- South Asia (1.5%)



Fund Returns

	MTD	YTD	1 Year	3 Years	SI
MIF	-2.9%	0.4%	0.4%	6.9%	-0.1%
Benchmark	-1.4%	5.6%	5.3%	11.9%	35.0%
	2007	2008	2009	2010	
MIF	2.1%	-21.6%	10.4%	12.1%	
Benchmark	3.2%	-14.6%	18.0%	10.3%	

Top Holdings

Dubai Holding Comm Op	12.5%
Pyrus Ltd	10.7%
Ipic Gmtn Ltd	10.0%
Dubai Electricity & Wate	8.0%
Tamweel Funding Ltd	6.1%

Fund Statistics

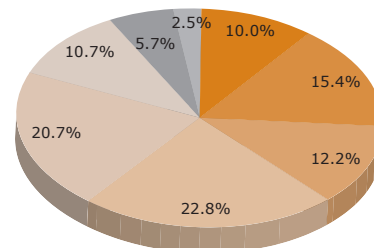
Average Coupon	5.9
Fund Rating	BB+
Average Maturity	5.1
Average Yield	10.3
Modified Duration	3.9

Fund Details

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

Ratings Breakdown

- AAA to AA- (10.0%)
- A+ to A- (15.4%)
- BBB+ to BBB- (12.2%)
- BB+ to BB- (22.8%)
- B+ to B- (20.7%)
- Not Rated (10.7%)
- Cash (5.7%)
- CCC (2.5%)



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

Benchmark: HSBC/ NASDAQ Dubai Middle East Investment Grade Total Return Index, SI: Since Inception, MTD: Month to Date, YTD: Year to Date

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