

## 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 1.04% for the month of December 2011 and finished the year 2011 up 1.4% YTD**

December was a quiet trading month as many market participants already prepared for the year-end and reduced risk. Nevertheless the month ended slightly positive with MIF up 1.04% and up 1.4% for 2011. YTD the S&P ended the year up 2%, high yield bonds as measured by JP Morgan up 5.7% and investment grade bonds up 8.5% which reflects the increased risk-aversion experienced in 2011.

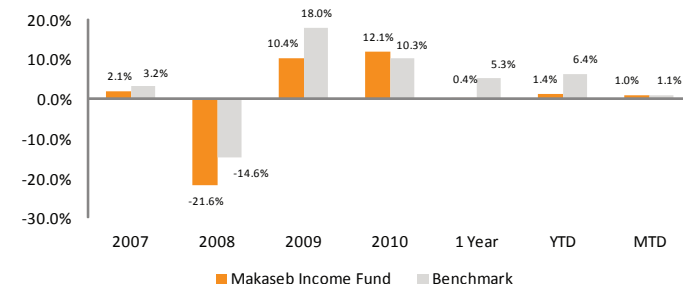
Looking forward to 2012 there still remain many open questions with a long list of items on the agenda: the European debt crisis, possibly a mild recession in Europe as a consequence and its impact on the world economy accompanied perhaps by a slowdown in growth in both the USA and China. There will be fiscal tightening and banks will continue to deleverage their balance sheets in order to run their business on a more solid capital base. On the other hand ongoing monetary stimulus is expected in all major economies around the world.

This dynamic mix of changes happening around the globe will be a guarantor for plenty of investment opportunities in 2012.

The MENA region will for sure contribute its part to it: many successful bond issues in the fourth quarter of 2011 opened the door for further issuance throughout 2012 and especially in Dubai there will be refinancing required.

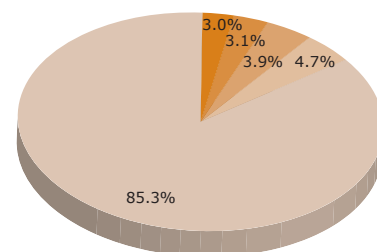
The fund employed some of its cash in December for further investments. The cash balance at the end of the year was 4%, the average rating BB-, and the average yield 10.3%.

### Performance (Chart)



### Regional Allocation

- Africa (3.0%)
- Asia (3.1%)
- Cash (3.9%)
- CIS (4.7%)
- MENA (85.3%)



### Fund Returns

	MTD	YTD	1 Year	3 Years	SI
MIF	1.0%	1.4%	1.4%	8.0%	0.9%
Benchmark	1.1%	6.4%	6.4%	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%
Emaar	10.9%
Kuveyt Turk	9.4%
QTEL	7.4%
Tamweel	6.3%

### Fund Statistics

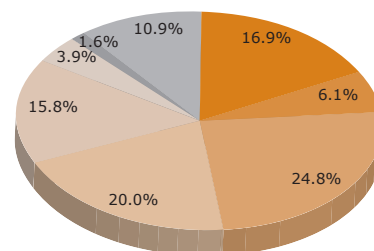
Average Coupon	5.8
Fund Rating	BB-
Average Maturity	3.9
Average Yield	10.3
Modified Duration	3.0

### 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

- A+ to A- (16.9%)
- AAA to AA- (6.1%)
- B+ to B- (24.8%)
- BB+ to BB- (20.0%)
- BBB+ to BBB- (15.8%)
- Cash (3.9%)
- C+ (1.6%)
- Not rated (10.9%)



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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