

## 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 Manager's Commentary

#### Past The Finish Line and Right Back To The Starting Blocks

The fund trended sideways throughout most of December and decreased 0.17% by month end. However, during 2015 the fund generated a positive net return of 1.88%. The index generated an annual return of 2.0%. Although the performance has been below our targeted return we did manage to generate a positive return outperforming all of its peers. It was a challenging year where many funds had a negative performance.

Like every year, we publish our annual outlook in a separate piece but in short we expect the markets to remain in transition while oil prices stay low and geopolitical risk is elevated. The investment scope of the fund provides sufficient flexibility to focus on stable parts of the markets until there are indications that the transition has been concluded. We will then take advantage of generally better price levels and higher yields which should lead to a higher performance than what we have experienced in the past two years.

Price performance within the fund has been mixed in December and it would be difficult to identify single drivers among the dimensions investment grade, high yield, GCC, non-GCC, short duration or long duration. Price performance was mainly driven by a lack of liquidity and individual price moves due to year end positioning, unless there were specific news on an issuer.

We are looking forward to 2016 and are cautiously optimistic as we anticipate challenging markets to persist for some time but with the understanding that when the storm settles we will be on the forefront to reap the full benefits that should potentially lead to outperformance.

The fund's average rating is BB+, average yield is 4.99%, duration is 5 years and average maturity is 10 years.

### Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI	
MIF	-0.17%	1.88%	1.88%	11.62%	35.03%	36.06%	
Benchmark	0.00%	2.00%	2.00%	9.62%	31.64%	78.17%	
	2008	2009	2010	2011	2012	2013	2014
MIF	-21.60%	10.40%	12.08%	0.92%	19.93%	5.50%	3.86%
Benchmark	-10.61%	23.54%	12.30%	7.08%	12.15%	0.39%	7.05%

### Top Holdings

Al Shindagha Sukuk Ltd	8.49%
Office Cherifien Des Pho	8.18%
Dip Sukuk Ltd	5.71%
Ibq Finance Ltd	5.63%
Nbk Tier 1 Fnc Ltd	5.62%

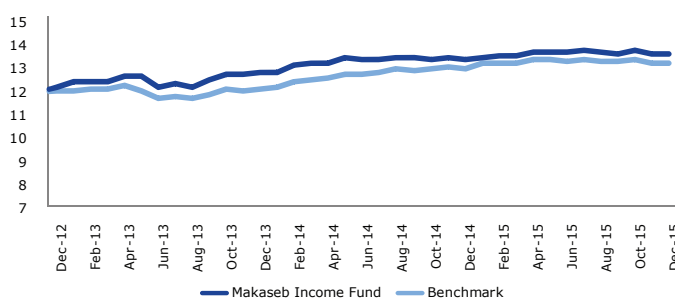
### Fund Statistics

Average Coupon	5.00
Fund Rating	BB+
Average Maturity	9.99
Average Yield	5.59
Modified Duration	5.00
CAGR Since Incep	3.16%
1 year Volatility	2.45%
3 year Volatility	5.65%
Sharpe Ratio - 1 year	0.05
Sharpe Ratio - 3 year	1.75

### Monthly Performance (%)

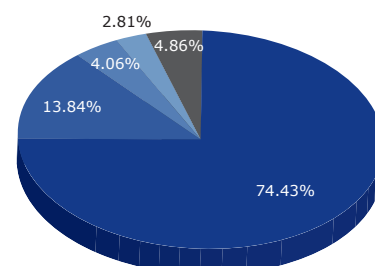
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015	0.95	0.66	-0.17	0.95	0.39	-0.20	0.74	-0.81	-0.18	0.81	-1.07	-0.17	<b>1.88</b>
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	0.71	-0.16	-0.87	0.92	-0.97	<b>3.86</b>
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	1.78	-1.53	2.52	2.12	-0.18	0.80	<b>5.50</b>
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	<b>19.93</b>
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	<b>0.92</b>
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	<b>12.08</b>
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	<b>10.38</b>
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	<b>-21.59</b>
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	<b>2.11</b>
2006	-	-	-	-0.44	-0.10	-0.60	-0.04	-0.08	0.19	0.75	0.75	0.11	<b>0.53</b>

### Performance (Chart)



### Regional Allocation

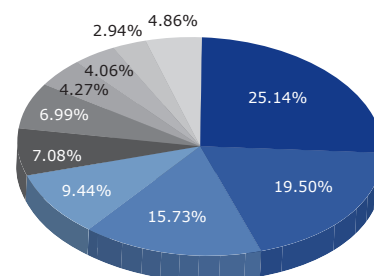
- MENA (74.43%)
- South Asia (13.84%)
- Europe\* (4.06%)
- Asia (2.81%)
- Cash (4.86%)



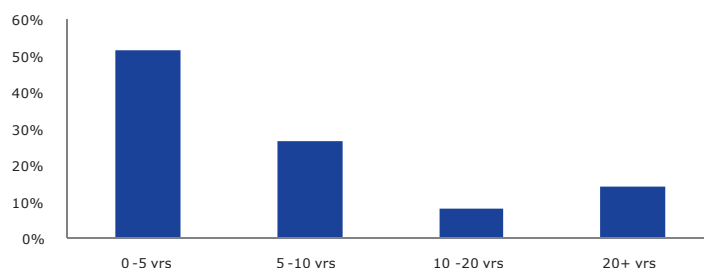
\*UAE Emirates Airline financing with UK export agency guarantee

### Industry Allocation

- Financial (25.14%)
- Consumer, Cyclical (19.50%)
- Sovereign (15.73%)
- Materials (9.44%)
- Industrial (7.08%)
- Communication (6.99%)
- Real Estate (4.27%)
- Utilities (4.06%)
- Diversified Finan Serv (2.94%)
- Cash (4.86%)



### Maturity Profile



Note: 0.00% of the portfolio is hedge with US Treasury Interest Rate Futures

Fund's benchmark until Dec 31, 2013 was HSBC Nasdaq Dubai ME index. However w.e.f 1st January 2014, the fund has changed its benchmark to JP Morgan MECI Index - BB Ticker (JCADMETR). All historical benchmark performances have been replaced to that effect.

SI: Since Inception, MTD: Month to Date, YTD: Year to Date

## Makaseb Income Fund (MIF)

### Fund Details

Fund size	USD 35.42 million	Bloomberg Ticker	MAKAINC BI
Fund Type	Open Ended	Zawya Code	MAKINCM.MF
Inception Date	March 29, 2006	Lipper ID	65038282
Domicile	Bahrain	Minimum Subscription	USD 10,000 and in multiples of USD 1,000 thereafter
Currency	USD	Subscription Fee	Up to 2%
Benchmark	JP Morgan MECI Index	Performance Fee	Nil
Investment Manager	Mashreq Capital DIFC Ltd.	Management Fee	75 bps
Fund Manager	Abdul Kadir Hussain, CFA Robert Hahm, CFA	Redemption Fee	3% within first 3 months; 2% within 3-6 months; 1% within 6-12 months
Valuation Day	Each Business Day	Settlement for Subscriptions	2 Business Days prior to Dealing Day
Dealing Day (Subscription/Redemption)	Each Business Day	Settlement for Redemption	5 Business Days after the Dealing Day
ISIN	BH000A0J3RR6	Notice Periods	2 Business Days each for Subscriptions and Redemptions

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