

## Fact Sheet for December 2006

### Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Bahrain Monetary Agency
Net Asset Value	Every Tuesday
Subscription	Every Wednesday
Redemption	Every Wednesday
Management Fee	1.25% p.a.
Investment Manager	Mashreqbank psc
Share Registrar	Deloitte & Touche
Administrator	HSBC Middle East
Custodian	HSBC Middle East
Auditor	Deloitte & Touche
Listing	Bahrain Stock Exchange

### Performance Summary

NAV (December 28, 2006)	USD 10.07
1 Month	0.27%
3 Months	1.78%
6 Months	1.85%
Since Inception (March 29, 2006)	0.70%

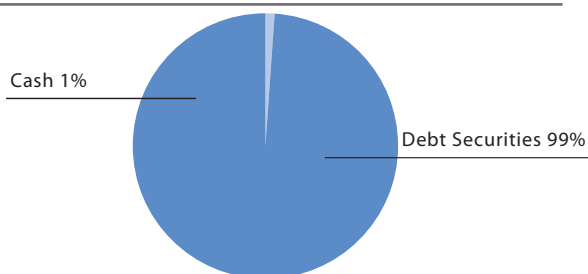
### Top 3 Holdings

Security	Maturity	% Holding
Tabreed	20-Jul-11	20.12%
Kuwait Investment Projects	12-Apr-11	18.74%
United Gulf Bank	13-Oct-16	14.02%

### Income Summary

YTM	6.96%
3 month USD Libor (Average)	5.37%
Weighted Average Tenor	4.53 Years

### Portfolio Composition



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Investment Manager & Sponsor:  
Mashreqbank psc, Al Ghurair City,  
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Tel +9714 2078461

Registered Office:  
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WKN: A0J3RR  
ISIN: BH000A0J3RR6  
BLOOMBERG CODE: MAKAINC BI  
ZAWYA CODE: MAKINCM.MF

### Investment Philosophy

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.

### Investment Guidelines

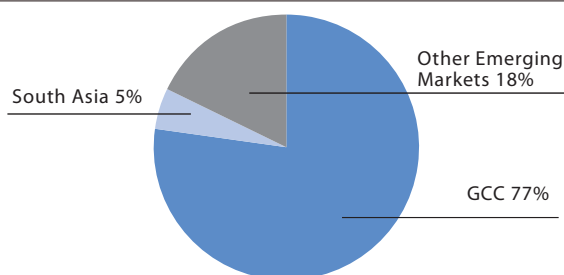
(a) Investment in a single GCC country capped at 50% (b) Investment in a single country in MENA/South Asia capped at 50% (c) Total investment in other emerging economies capped at 20% (d) Investment in instruments issued by a single issuer capped at 20% (e) Investment in sub investment grade instruments capped at 75% (f) Investment in non rated instruments capped at 25%.

### Overview and Outlook

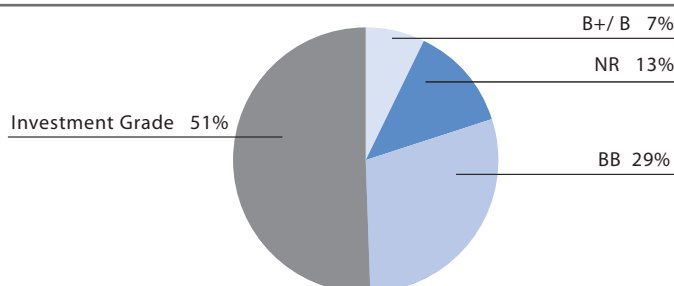
The Fund was up another 27 bps in December making it the 4th successive month of positive returns. Over the fourth quarter, the fund returned 1.8% or an annualized rate of above 7%. Fund performance in December was somewhat lower than in the previous two months due to an increase in US interest rates in the last week of the month. Individual securities continued to perform well with the PCFC Sukuk leading the way, further returns were added from the solid performance of bonds in South Asia, the remaining Emerging Markets and bonds from the MENA region like Tabreed. While the interest rate environment is not expected to remain as supportive as it has been in the recent past, we expect the fund to continue its positive trend based on individual security performance.

Issued on January 14, 2007

### Regional Composition



### Portfolio Rating Profile



Disclaimer: Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted.