

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

Makaseb Income Fund weathered quarter end

The fund was flat in March with a slight decline by 0.17% and resulting in 1.47% year to date appreciation. Performance in March was in line with the benchmark which was also down by 0.06%. However, at the time of writing the Fund had a very strong start into April.

The strategy, to be close to fully invested and have a balanced allocation between investment grade and high yield bonds continues to work well. A strong US treasury market did not translate into gains for MENA markets last month as increased volatility resulted in widening spreads. The volatility was caused by increased rate volatility, which demands higher risk premia, and the defensive behavior by market participants due to the end of the quarter. Additionally, there was some uncertainty due to the Tunisian terror attack and Saudi attack in Yemen.

We remained invested as these developments are transient in nature as well as anticipating supportive price action at the beginning of the second quarter (which in fact materialized).

The top performing bonds in the portfolio last month were notably Emirates NBD perps and Pakistan 29s again, Investcorp 17s, Delhi Airport 22s and MTN 24s. The underperformers were Dubai Holding 17s, the Burgan Bank bonds and long dated DP World 37s. Generally the picture was mixed and a thematic division between winners and losers was not as clear cut as during other months.

Economic releases in the US did not paint a clear picture on expected timing of the fed's rate hike. NFP came in stronger again, inflation is still declining and the FOMC meeting was less hawkish than many anticipated.

Going into April we continue to face the unresolved Greece issue in Europe as well as the continuation of ECB's QE. Geopolitics remain largely unchanged with further actions of Russia still being a large question mark, but the market there clearly firming up. Implications of the Iran deal have to be assessed. We continue to expect the treasury market to trend sideways.

The fund's average rating remained at BB+, average yield was just slightly higher at 5.4% and duration declined to 4.8 years. The average maturity is 10.2 years now.

Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI	
MIF	-0.17%	1.44%	2.52%	25.18%	42.31%	35.47%	
Benchmark	-0.06%	2.31%	6.18%	20.28%	41.32%	78.72%	
	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

Office Cherifien Des Pho	5.45%
Investcorp SA	5.20%
Maf Global Securities	5.14%
Dip Sukuk Ltd	4.94%
Banque Cent De Tunisie	4.92%

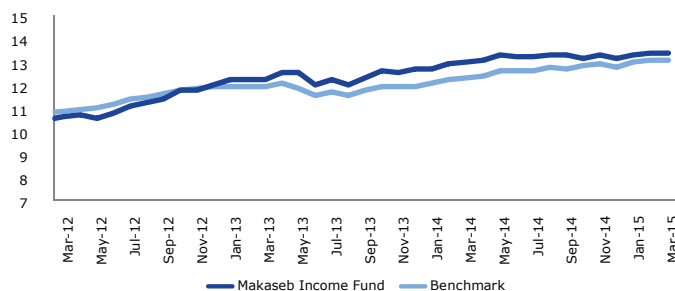
Fund Statistics

Average Coupon	5.39
Fund Rating	BB+
Average Maturity	10.23
Average Yield	4.84
Modified Duration	4.81
CAGR Since Incep	3.38%
1 year Volatility	2.67%
3 year Volatility	3.49%
Sharpe Ratio - 1 year	0.48
Sharpe Ratio - 3 year	3.96

Monthly Performance (%)

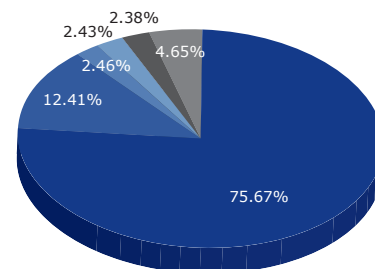
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2015	0.95	0.66	-0.17	-	-	-	-	-	-	-	-	-	1.44
2014	-0.03	2.05	0.73	0.32	1.73	-0.47	-0.12	0.71	-0.16	-0.87	0.92	-0.97	3.86
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	1.78	-1.53	2.52	2.12	-0.18	0.80	5.50
2012	1.79	2.09	1.99	0.24	-0.99	1.84	2.95	1.15	1.43	3.11	0.56	1.74	19.93
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	0.92
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	12.08
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	10.38
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	-21.59
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	2.11
2006	-	-	-	-0.44	-0.10	-0.60	-0.04	-0.08	0.19	0.75	0.75	0.11	0.53

Performance (Chart)



Regional Allocation

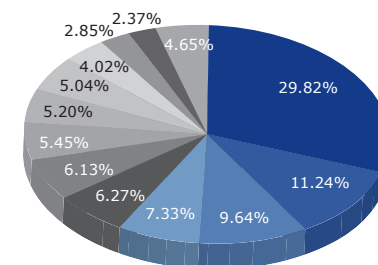
- MENA (75.67%)
- South Asia (12.41%)
- Europe (2.46%)*
- CIS (2.43%)
- Asia (2.38%)
- Cash (4.65%)



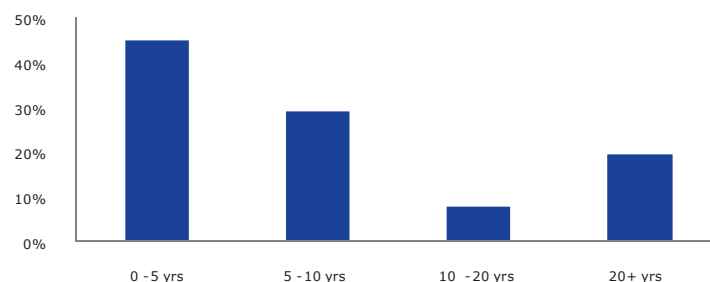
*UAE Emirates Airline financing with UK export agency guarantee

Industry Allocation

- Financial (29.82%)
- Conglomerate (11.24%)
- Industrial (9.64%)
- Sovereign (7.33%)
- Telecom Services (6.27%)
- Consumer, Cyclical (6.13%)
- Materials (5.45%)
- Diversified Finan Serv (5.20%)
- Utilities (5.04%)
- Logistics (4.02%)
- Energy (2.85%)
- Airlines (2.37%)
- Cash (4.65%)



Maturity Profile



Note: 1.99% 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 41.09 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 Bank	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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