

Fact Sheet for October 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 (October 31, 2006)	USD 9.97
1 Month	0.57%
3 Months	0.78%
6 Months	-0.32%
Since Inception (March 29, 2006)	-0.32%

Top 3 Holdings

Security	Maturity	% Holding
PCFC Sukuk	23-Jan-08	21.64%
Tabreed	20-Jul-11	21.37%
United Gulf Bank	13-Oct-16	15.01%

Income Summary

YTM	6.36%
3 month USD Libor (Average)	5.32%
Weighted Average Tenor	3.87 Years

Investment Manager & Sponsor:
Mashreqbank psc, Al Ghurair City,
3rd Floor, P.O. Box 1250, Dubai, U.A.E.
Tel +9714 2078461

Registered Office:
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WKN: A0J3RR
ISIN: BH000A0J3RR6
BLOOMBERG CODE:MAKAINC BI

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

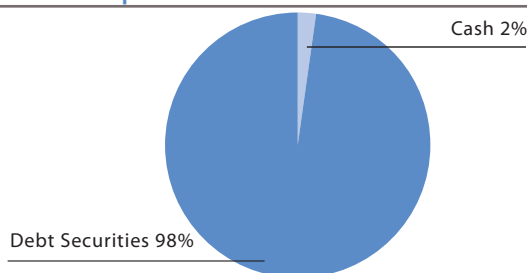
(a) Investment in a single GCC country capped at 50% (b) Investment in a single country in MENA/South Asia capped at 50% (c) Total investment in other emerging economies capped at 20% (d) Investment in instruments issued by a single issuer capped at 20% (e) Investment in sub investment grade instruments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

Overview and Outlook

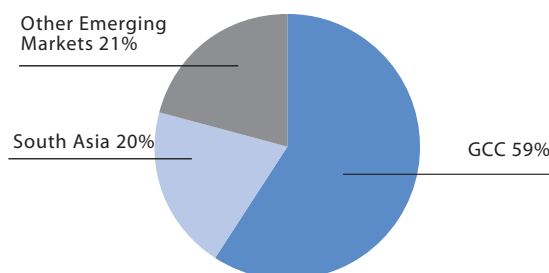
The Fund was up 57 bps in the month of October, its best performing month since inception. While the increase in AUM's has helped overcome fund expenses eliminating the drag on NAV that was prevalent during the first three months of the funds life, fund performance has also been driven by the underlying performance of its holdings. The PCFC Sukuk continued its positive trend and this was matched by increases in the prices of the funds other holdings. With the fund now almost back to its issue price and with the assets under management now generating enough income to outpace fund expenses, the fund should continue to generate positive returns. Longer term, we feel that with a more friendly interest rate outlook the fund should provide good total rates of return.

Issued on November 5, 2006

Portfolio Composition



Regional Composition



Portfolio Rating Profile

