

## 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

#### Makaseb Income Fund was down -0.03% for January 2014

The HSBC/NASDAQ Dubai Middle East index has been discontinued as of 31st December 2013 therefore the fund is undergoing a benchmark change to the JP Morgan Middle East Corporate Index.

The fund was flat for the month while the JPMorgan Index was up 0.98%, the differential in performance was mainly due to the fund short treasury futures and was 45% hedged.

The impact of weaker US economic data in the month was a rally in treasuries, US dollar gained and as a result EM's sold off, as risk sold off in favour of the safe havens of treasuries and the US dollar.

The MENA region credits held their own, but the Fund was impacted due to the selloff in treasuries and its exposure to some EM issuers. At one point the fund was up +0.86% during the month and gave most of it back in the form of treasury position turning negative.

We feel comfortable with the credits that the fund is invested in, and with the strategy to remained short US Treasury futures as we believe that as the year progresses rates will trend higher. We have adjusted the futures hedged to 32% of the portfolio as will adjust as and when the market gives us opportunities to do so.

The Fund ended the month with a cash balance of 2.01%, average rating of BB+ and an average yield of 6%.

### Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI	
MIF	-0.03%	-0.03%	3.58%	26.47%	69.93%	28.55%	
Benchmark	0.91%	0.91%	1.34%	20.13%	64.87%	64.66%	
	2007	2008	2009	2010	2011	2012	2013
MIF	2.10%	-21.60%	10.40%	12.08%	0.92%	19.93%	5.50%
Benchmark	5.62%	-10.61%	23.54%	12.30%	7.08%	12.15%	0.39%

### Top Holdings

Dubai Electricity & Wate	6.55%
Investcorp Sa	6.05%
Maf Global Securities	5.91%
Dar Al-Arkan Internation	5.84%
Emirates Nbd Tier 1	5.17%

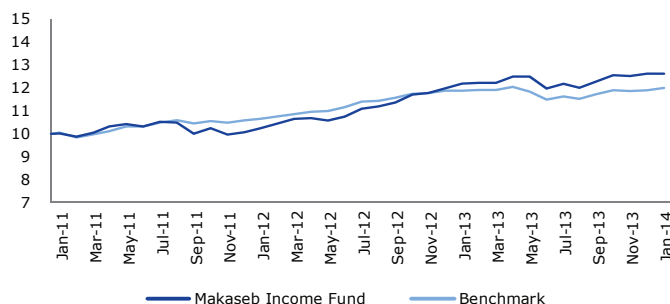
### Fund Statistics

Average Coupon	6.84
Fund Rating	BB+
Average Maturity	8.56
Average Yield	6.00
Modified Duration	2.41
CAGR Since Incep	3.21
1 year volatility	3.88
3 year volatility	8.65
Sharpe Ratio - 1 year	0.75
Sharpe Ratio - 3 year	2.98

### Monthly Performance (%)

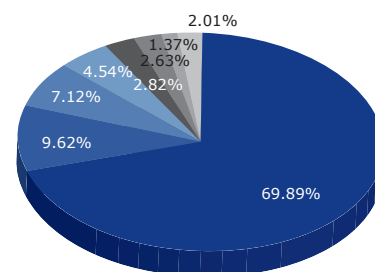
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2014	-0.03	-	-	-	-	-	-	-	-	-	-	-	-0.03
2013	1.82	0.27	-0.04	2.12	0.14	-4.25	1.78	-1.53	2.52	2.12	-0.18	0.80	5.50
2012	1.79	2.09	1.99	0.24	-0.99	1.84	2.95	1.15	1.43	3.11	0.56	1.74	19.93
2011	0.87	-1.38	1.49	2.78	1.06	-0.82	1.91	-0.37	-4.60	2.54	-2.91	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)



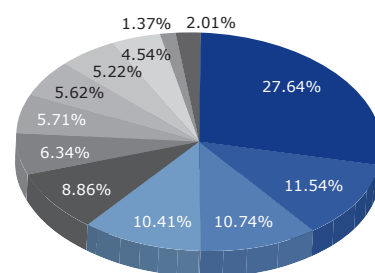
### Regional Allocation

- MENA (69.89%)
- South Asia (9.62%)
- CIS (7.12%)
- Asia (4.54%)
- Europe (2.82%)
- Africa (2.63%)
- South America (1.37%)
- Cash (2.01%)

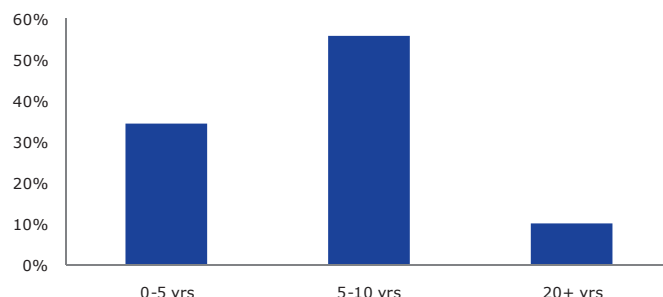


### Industry Allocation

- Financial (27.64%)
- Utilities (11.54%)
- Conglomerate (10.74%)
- Real Estate (10.41%)
- Diversified Finan Serv (8.86%)
- Industrial (6.34%)
- Logistics (5.71%)
- Sovereign (5.62%)
- Energy (5.22%)
- Telecom Services (4.54%)
- Mining (1.37%)
- Cash (2.01%)



### Maturity Profile



## Makaseb Income Fund (MIF)

### Fund Details

Fund size	USD 35.59 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	2%
Benchmark	JP Morgan MECI Index	Performance Fee	Nil
Investment Manager	Mashreq Bank	Management Fee	75 bps
Fund Manager	Abdul Kadir Hussain, CFA	Settlement for Subscriptions	2 Business Days prior to Dealing Day
Valuation Day	Each Business Day	Settlement for Redemption	5 Business Days after the Dealing Day
Dealing Day (Subscription/Redemption)	Each Business Day	Notice Periods	2 Business Days each for Subscriptions and Redemptions
ISIN	BH000A0J3RR6		

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