

Fact Sheet for December 2008

Executive Summary

Fund Type	Open-End Fund
Domicile	Bahrain
Currency	US Dollar
Regulator	Central Bank of Bahrain
Net Asset Value	Every Tuesday
Subscription	Every Wednesday
Redemption	Every Wednesday
Management Fee	0.75% 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 30, 2008)	USD 8.14
1 Month	-1.45 %
3 Months	-17.03 %
2008	-22.00 %
Since Inception (March 29, 2006)	-17.4 %

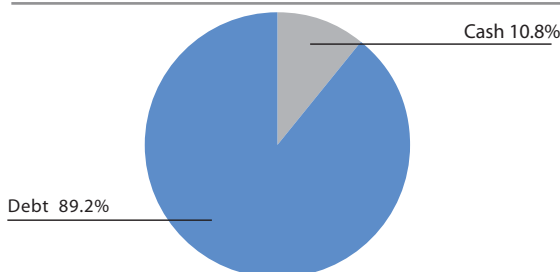
Top 3 Holdings

Security	Maturity	% Holding
Nakheel	16-Jan-11	10.53%
Emirates Bank	26-Mar-18	8.92%
RAK Capital	28-May-13	8.27%

Income Summary

YTM	35.00 %
3 month USD Libor (Average)	1.40 %
Modified Duration	0.001

Portfolio Composition



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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

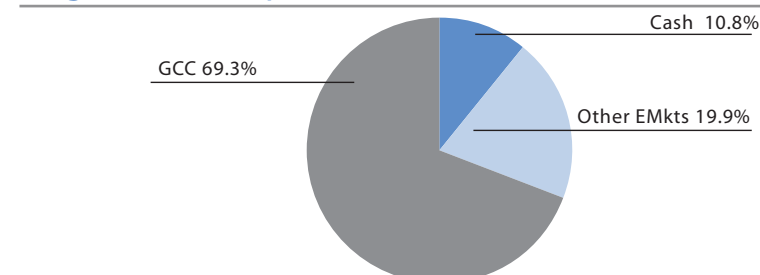
The month of December capped off perhaps one of the worst years in fixed income investing. An expected year end fixed income rally failed to materialise as illiquidity and the extended holiday season dried up market activity.

In December your fund declined 1.45%, while the HSBC Middle East Corporate Index was up 6.39%. This underperformance was due to an emerging market position which experienced severe credit stress over the month of December. Having done our credit work on this name, we have taken the decision not to exit this position as we fully expect a turn around of events in 2009. Our overall 2008 return of -22%, compares favourably to both the global and regional equity markets: for example the S&P was down 38%, the DFM was down 65%, the ADSM was down 39.25% and the Saudi Tadawul index declined by 53%. Compared to our headline benchmark the HSBC Middle East Corporate Index which returned -19%, our 2008 underperformance was solely due to December's events, as described above.

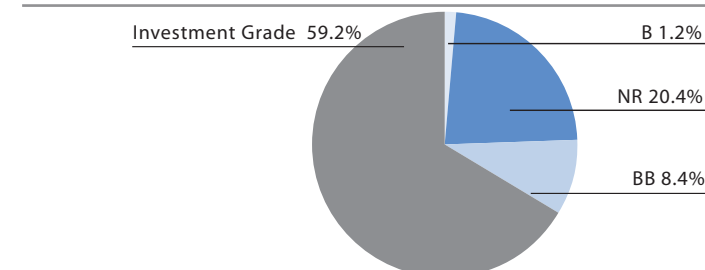
Looking forward to 2009, it is now widely regarded that the global economic system is under-going a painful adjustment process that will probably last for most of 2009.

However we strongly believe that current market conditions offer attractive rates of return to the long term investors. We will continue to selectively deploy funds in high quality, high yielding regional credits. In our view the investment sphere that this fund operates in is likely to be one of the main out performers in 2009 generating returns of well above 10%.

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.