

Mashreq Al Islami Income Fund (MAIIF)

NAV in USD as at Oct 31, 2018



B shares
16.81

DI shares
9.89

DA shares
11.26

Fund Description

The investment objective of the Mashreq Al-Islami Income Fund (Sukuk Fund) is to provide Shareholders with Shariah compliant fixed returns. The Fund will only invest in Shariah compliant fixed income securities approved by the Shariah Supervisory Board. The Fund's return objective will be to achieve annual net returns above the market return as represented by a generally accepted index (e.g. JP Morgan Middle East Sukuk Index) over the life of the Fund.

Fund Manager's Commentary

Don't count on the end of year rally

We've seen a flurry of issuance in September, October followed suit, despite the volatility in UST. We've had SABIC, Al Khalij Commercial Bank, Tunisia, Oman Sukuk, Tabreed, Mubadala and Oil & Gas Holding.

On the geopolitical developments front, we saw the release of Pastor Andrew Brunson and the subsequent relief from sanctions, provided Turkish credits with a bit of a breather, while regional geopolitics weighed on Saudi CDS.

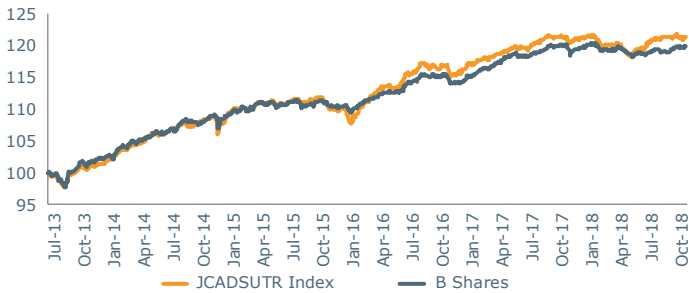
US data points reaffirmed our thought that the November Fed meeting will be a non-event, paving the way for a much expected December rate hike.

There are a few sovereign issuers that are under review in November where we don't expect any revision in terms of rating - Egypt, Oman, Abu Dhabi, RAK and Sharjah. We don't expect any change in GCC countries on the back of better than expected average oil price, while Egypt enjoys improving fundamentals.

We are starting to see some UST yield steepening although we don't expect this to continue on the back of continued US Federal Reserve hiking rates, additionally the EMBI inclusion should play out well, although we expect most market participants to have positioned for it.

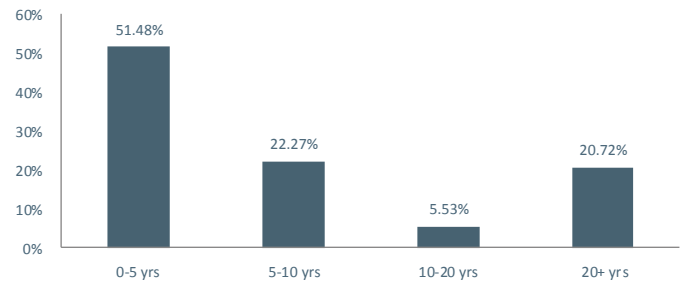
We expect November and December to be fairly quiet with the exception of positioning for the New Year, otherwise, we expect a mostly subdued market with thin liquidity.

Performance Chart



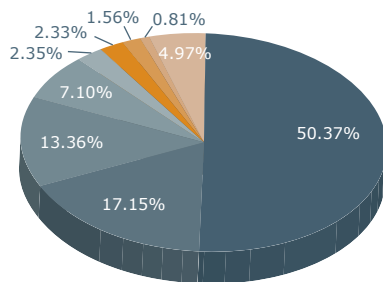
*Performance has been rebased as of 21st July, 2013

Maturity Profile



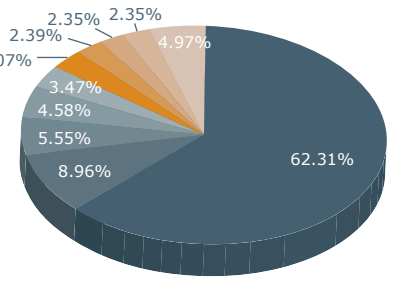
Industry Allocation

- Financial (50.37%)
- Airlines (17.15%)
- Sovereign (13.36%)
- Real estate (7.10%)
- Utilities (2.35%)
- Commercial services (2.33%)
- Basic Materials (1.56%)
- Industrial (0.81%)
- Cash (4.97%)



Regional Allocation

- United Arab Emirates (62.31%)
- Turkey (8.96%)
- Kuwait (5.55%)
- Indonesia (4.58%)
- Oman (3.47%)
- Bahrain (3.07%)
- Pakistan (2.39%)
- Saudi Arabia (2.35%)
- Others (2.35%)
- Cash (4.97%)



*UAE Emirates Airline financing with UK export agency guarantee

Fund Returns

	MTD	YTD	1 Year	3 Years	5 Years	SI
MAIIF B Shares	0.03%	0.02%	-0.11%	7.78%	17.69%	69.39%
MAIIF DI Shares	-0.06%	-0.86%	-1.15%	4.54%	11.84%	13.73%
MAIIF DA Shares	-0.06%	-0.86%	-1.15%	4.54%	11.91%	13.63%
Benchmark	-0.45%	-0.02%	-0.03%	8.64%	20.04%	23.75%
	2012	2013	2014	2015	2016	2017
MAIIF B Shares	13.87%	2.07%	6.17%	1.94%	3.72%	4.56%
MAIIF DI Shares	0.72%	1.05%	5.06%	0.93%	2.68%	3.51%
MAIIF DA Shares	-	1.63%	5.12%	0.93%	2.68%	3.52%

Top Holdings

Ahb Tier 1 Sukuk Ltd	6.34%
Noor Sukuk Co Ltd	6.30%
Al Shindagha Sukuk Ltd	5.54%
ICD Sukuk Co Ltd	5.49%
Medjool Ltd	5.00%

Fund Statistics

Average Coupon	4.82		
Fund Rating	BBB-		
Average Maturity	3.59		
Average Yield	5.47		
Modified Duration	2.24		
	B Shares	DI Shares	DA Shares
CAGR Since Incep	5.69%	2.17%	2.41%
Volatility 1 year	1.38%	1.38%	1.38%
Volatility 3 years	2.36%	2.70%	2.36%
Sharpe Ratio - 1 year	-2.15	-2.92	-2.92
Sharpe Ratio - 3 years	2.08	0.62	0.71

Note: The fund's benchmark effective January 2018 is JP Morgan Middle East Sukuk Index (BB TICKER: JCADSUTR). All historical benchmark performances have been replaced to that effect. SI: Since Inception, MTD: Month to Date, YTD: Year to Date

Mashreq Al Islami Income Fund (MAIIF)

Monthly Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
B Shares													
2018	0.12	-0.48	-0.01	-0.29	-0.31	-0.25	0.93	-0.48	0.77	0.03			0.02
2017	0.77	0.79	0.46	0.97	0.53	-0.30	0.34	0.56	0.31	0.17	-0.54	0.41	4.56
2016	-0.35	0.96	0.60	0.60	0.03	0.82	0.87	0.65	-0.01	0.16	-1.16	0.51	3.72
2015	1.22	0.59	-0.32	0.85	0.21	-0.60	0.55	-0.54	0.09	0.51	-0.74	0.11	1.94
2014	0.12	1.89	0.75	0.21	0.67	0.10	1.00	0.89	0.02	-0.10	1.05	-0.57	6.17
2013	0.17	0.48	-0.07	1.65	-0.46	-4.48	2.35	-1.02	1.72	1.64	-0.04	0.29	2.07
2012	0.82	1.10	1.13	0.51	1.09	1.55	1.76	0.81	0.43	1.57	0.90	0.93	13.87
2011	1.82	-0.69	2.25	1.69	2.07	-0.07	0.75	-0.56	-1.16	1.49	-1.46	1.72	7.51
2010	-0.02	-0.87	4.15	0.69	-1.94	0.94	1.93	1.47	1.89	0.67	-0.95	0.98	9.17
2009	-	-	-	-	-	-	-1.52	2.12	3.30	3.40	0.96	-2.46	10.51
DI Shares													
2018	0.03	-0.56	-0.10	-0.38	-0.40	-0.33	0.83	-0.57	0.68	-0.06			-0.86
2017	0.69	0.72	0.38	0.88	0.45	-0.38	0.25	0.48	0.23	0.08	-0.62	0.32	3.51
2016	-0.44	0.88	0.52	0.52	-0.06	0.74	0.78	0.56	-0.09	0.07	-1.24	0.42	2.68
2015	1.14	0.51	-0.41	0.77	0.12	-0.68	0.47	-0.63	0.00	0.43	-0.83	0.03	0.93
2014	0.04	1.82	0.66	0.13	0.59	0.01	0.90	0.80	-0.06	-1.85	2.67	-0.65	5.06
2013	0.08	0.40	-0.14	1.55	-0.54	-4.56	2.27	-1.10	1.63	1.55	-0.12	0.20	1.05
2012	-	-	-	-	-	-	-	-	-	-	-	0.72	0.72
DA Shares													
2018	0.03	-0.56	-0.10	-0.38	-0.40	-0.33	0.83	-0.57	0.68	-0.06			-0.86
2017	0.69	0.72	0.38	0.88	0.45	-0.38	0.25	0.48	0.23	0.08	-0.62	0.32	3.52
2016	-0.44	0.88	0.52	0.52	-0.06	0.74	0.78	0.56	-0.09	0.07	-1.24	0.42	2.68
2015	1.14	0.51	-0.41	0.77	0.12	-0.68	0.47	-0.63	0.00	0.43	-0.83	0.03	0.93
2014	0.04	1.82	0.66	0.13	0.59	0.01	0.90	0.80	-0.06	-0.17	0.96	-0.65	5.12
2013	-	-	-	-	-	-	-1.41	-1.10	1.63	1.55	-0.12	0.20	1.63

Fund Details

Fund size	USD 62.78 million	Bloomberg Ticker	Class 'B' Shares - BADISIN Class 'D Income' Shares - BADISID Class 'D Accumulation' Shares - BADISDI
Fund Type	Shariah Compliant Open Ended Fund.	Zawya Code	MAKBIIIF.IF
Inception Date	June 09,2009	Lipper ID	Class 'B' Shares - 68121746 Class 'D' Shares - 68200829
Domicile	DIFC, Dubai	Minimum Subscription	The minimum initial subscription in the Fund is USD 1
Currency	USD	Subscription Fee	Class 'B' Shares - Up to 2% Class 'D' Shares - Up to 5%
Benchmark	JP Morgan Middle East Sukuk Index	Performance Fee	NIL
Fund Manager	Mashreq Capital (DIFC) Limited	Management Fee	Class 'B' Shares - 0.50% Class 'D' shares - 1.00%
Administrator & Transfer Agent	Apex Fund Services (Dubai) Ltd.	Distribution Fee	Class 'D' Shares - 0.5% p.a.
Custodian	Deutsche Bank	Redemption Fee	None
Auditor	Deloitte & Touche, Dubai	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	Class 'B' Shares - AEDFXA1T6467 Class 'D Income' Shares - AEDFXA1T6483 Class 'D Accumulation' Shares - AEDFXA1W2ZD7		

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