

## Emerging Markets Credit Opportunities Fund (EMCO)

### Fund Description

Objective of the Fund is to provide investors with attractive total rates of return within fixed income universe by undertaking to take advantage of credit opportunities in Emerging Market companies and countries.

### Fund Managers Commentary

**EMCO was up 1.42% for the Month of December and down 5% YTD 2011**

EM fixed income ended 2011 flat as measured by the CS Emerging Markets BB Bond index while US HY funds were up about 2% in 2011. US High Grade bonds were up 8.5% outperforming due to increased risk-aversion that characterized 2011 returns.

In 2011, the fund's returns for the period Jan-July were +4.15% and from Aug-Dec -9.17%. This was in-line with what happened in the Global markets across asset classes where the steady performance of markets were roiled by the European debt crises triggered by the scepter of a possible Greece default leading to contagion which would engulf Italy and Spain, 2 large economies central to the European Union. Which triggered a massive sell off in all assets starting in August, and the fund in the 2 month period, August - September was down 11.74%.

The last quarter of 2011 the markets became extremely illiquid as risk appetite and risk limits were cut for all market participants and the better economic data from the US was more than overcome by the troubles in Europe and uncertainties that China would slowdown and cause another blow to the global economic outlook in 2012.

Keeping in mind that the risks of 2011, EU debt crises, slowing Chinese growth, the fragility of the US Economy and lack of risk appetite we have raised our cash position to 21% and are looking to raise the average rating of the fund to BB+ in the coming months.

Our base case for EM fixed income returns in 2012 is approximately 8%, increasing the importance of fundamental credit analysis and relative value in generating outperformance.

### Fund Returns

	MTD	YTD	1 Year	3 Years	SI
EMCO	1.4%	-5.0%	-5.0%	11.0%	-6.5%
		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
EMCO		0.3%	-31.5%	31.5%	9.5%

### Top Holdings

Bumi Capital Pte Ltd	10.1%
Dubai Sukuk Centre	9.3%
Dubai Holding Comm Op	6.5%
Emaar Sukuk	6.4%
Severstal (Steel Cap)	6.2%

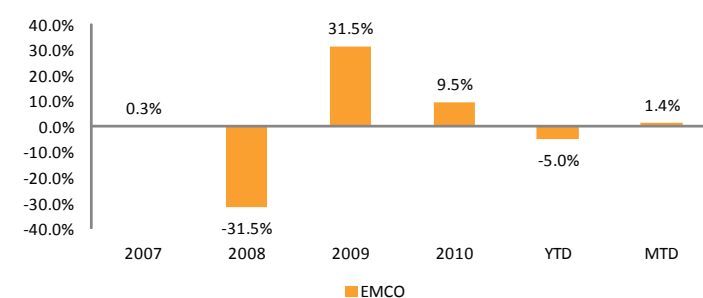
### Fund Statistics

Average Coupon	6.5
Fund Rating	B+
Average Maturity	5.6
Average Yield	15.1
Modified Duration	3.0

### Fund Details

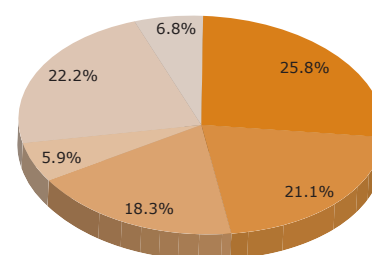
Fund Type	Hedge Fund
Domicile	DIFC, Dubai
Currency	USD
Regulator	DFSA
Bloomberg Ticker	MCFEMCO

### Performance (Chart)



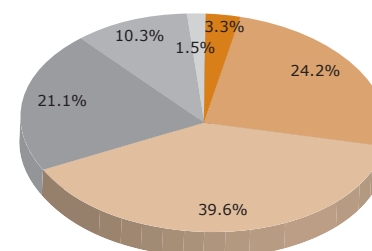
### Regional Allocation

- Asia (25.8%)
- Cash (21.1%)
- CIS (18.3%)
- Latin America (5.9%)
- MENA (22.2%)
- South Asia (6.8%)



### Ratings Breakdown

- A+ to A- (3.3%)
- B+ to B- (24.2%)
- BB+ to BB- (39.6%)
- Cash (21.1%)
- Not Rated (10.3%)
- C+ (1.5%)



SI: Since Inception, MTD: Month to Date, YTD: Year to Date

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