

### Manager's Commentary

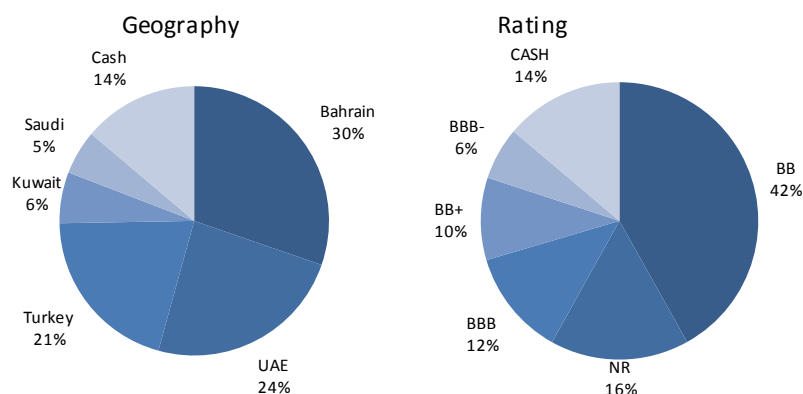
The SICO Fixed Income Fund rose by 0.5% in January, while the Barclay's EM GCC Index rose by 1% for the same period.

The year commenced with a very strong start for fixed income on the back of volatility witnessed throughout the Emerging, as well as the Developed, Markets with investors seeking refuge in US Treasuries yet again. While global debt capital markets were volatile they trended higher, with the US 10 Year Treasury range-bound between 2.98% and 2.64%, with investors reacting to news and data out of the US and Emerging Markets.

Overall Bahrain and Dubai-related entities performed the best, outpacing their GCC sovereign peers. The fund's returns were boosted by holdings in Emaar's 2019 Sukuk, which benefitted from an upgrade to investment grade status by S&P, leading the paper to appreciate by 3 Dollars. Batelco's 2020 paper appreciated by 5 Dollars due to strong local institutional demand. Combined, Emaar and Batelco constitute 13.4% of the Fund. The market also welcomed a new issue from Kuwait Projects Company (KIPCO) who issued a tightly priced 5 year paper at 4.8%. Demand for the bond was overwhelming with books being oversubscribed by 4 times. As a result, the existing KIPCO 2020 bond held in the Fund appreciated by approximately 2 Dollars.

Worth noting, is that the contagion effect of the emerging market selloff in January had a mixed effect on risk and safe haven assets globally. GCC paper showed signs of immunity towards the sell-off as regional investors remained bullish with respect to regional fundamentals. A re-pricing in sovereign bonds of developed market countries was witnessed with US Treasuries and German Bunds jumping by around 34 bps.

### Portfolio Composition



Top Holdings	BB Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	5.9%	3.2	15.79%
ALDAR 10 ¼ 05/27/14	BB	10.8%	-0.1%	0.3	10.37%
ALBARAKA TURK 7 ¼ 05/07/23	BB	7.8%	9.1%	6.5	9.17%

### Investment Objective and Strategy

The Fund's primary objective is to generate income and seek capital appreciation over the medium to long term.

To achieve its objective, the Fund will actively invest in Government and Corporate Fixed Income, Sukuk, Repo, Money Market instruments, and other fixed income related instruments.

### Fund Features

- High liquidity
- Lower volatility

### Fund Information

Launch	April 2013
Benchmark	Barclays EM GCC Index
Management Fee	1.00%
Subscription & Redemption	Weekly
Subscription / Redemption	Two Business Days
Minimum Subscription	US\$100,000
Custodian/ Administrator	HSBC Middle East
Registrar	HSBC Middle East

### Fund Returns and Characteristics

	Fund (%)	Benchmark* (%)
January 2014	0.5	1.0
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	0.7	2.0
Last 6 Months	2.4	3.8
Last 1 Year	NA	NA
Since Inception (2nd Apr – 30th Jan 14)	-0.3	0.6
Duration (years)	3.4	5.22
Yield to maturity (%)	4.3	7.05
Coupon (%)	6.2	4.72
Spread (bps)	339	178

\* Barclays EM GCC Index

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