SICO Fixed Income Fund

Factsheet - November 2014

NAV US$ 106.49 ↑ 1.1%

Manager's Commentary

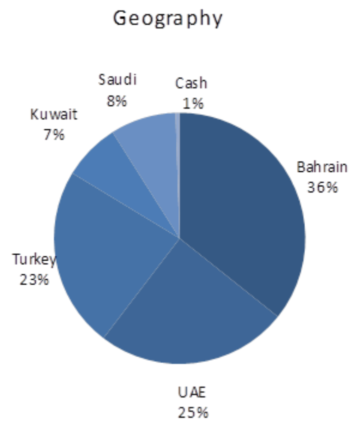
The SICO Fixed Income Fund posted a positive performance for the month of November, appreciating by 1.1% versus the Index return of 0.42%.

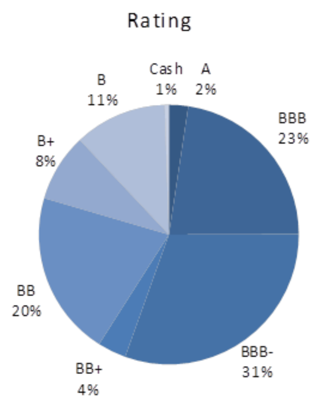
October's volatility persisted and continued into November as US 10 Year Treasuries continued to swing between gains and losses as the yield compressed from 2.37% to as low as 2.18% toward month end. GCC debt capital markets were punished as the big November story started to unfold- clearly the precipitous fall in Oil after OPEC refused to cut supply. Both WTI and Brent plummeted to below USD68 and USD65 respectively in New York trading following the news, for the first time since 2010. The collective group has maintained its production ceiling of 30m barrels a day. Secretary General al-Badri insisted that the target price does not exist as a fixed number and instead OPEC members will seek to establish a happy medium which gives producers an acceptable return and which is affordable for customers. On a more positive note, 4 GCC primary issuances took place during the month as Mubadala/GE, DIFC, Fly Dubai, Mumtalakat issued paper in addition to a 10 year Turkish Government Sukuk, all of which performed well in the secondary market

Globally, we saw the latest US Q3 GDP numbers, with the print being revised up to +3.9% from +3.5% previously. The revisions were very supportive of current quarter growth, which analysts continue to peg at 4.2%. Both consumption (revised up 40bps) and nonresidential fixed investment (revised up 160bps) were notable takeaways and elsewhere improving demand, as evidenced by final sales to private domestic purchasers which grew 3% last quarter and is up 3% over the last year – implying that production has to rise meaningfully further. In Europe, Q3 GDP in Germany came in line with expectations of +0.1% for the quarter whilst we also noted a modest pickup in manufacturing (99 vs. 97 previously) and business confidence(94 vs. 91 previously).

Turning to the fund, no new positions were added . The existing position composition proved superior as the fund outperformed the benchmark by 0.4%. Performance was buoyed particularly by it's Turkish exposure which proved to be key as Tufika 2019 rose by 2.0% and Isbank 2018 rose by 1.8%Cent, thus contributing significantly to the Fund's upside.

Portfolio Composition





Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	4.7%	2.6	17.9%
ALBARAKA TURK 7 ¾ 05/07/23	B	7.8%	7.7%	3.0	11.2%
DEWAEE 7 ⅜ 10/21/20	BBB	7.4%	3.0%	4.9	8.4%

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
- Excellent vehicle for medium-long term investing

Fund Information

Launch	April 2013
Benchmark	Barclays EM GCC Bond 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* (%)
November 2014	1.1	0.4
YTD (Jan - Nov) 2014	9.6	7.7
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	1.4	0.8
Last 6 Months	3.4	2.2
Last 1 Year	9.6	7.8
Since Inception (2nd Apr – 30th Nov 14)	8.7	7.3
Duration (years)	3.5	5.5
Yield to maturity (%)	4.3	2.9
Coupon (%)	6.6	4.7
Spread (bps)	293	145

*** Barclays EM GCC Index**

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شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: ١٣٣١، المنامة، مملكة البحرين
هاتف: ٥٠٠٠ ١٧٥١ ٩٧٣+ فاكس: ٤٠٠٠ ١٧٥١ ٩٧٣+
سجل تجاري رقم ٣٣٤٦٩