

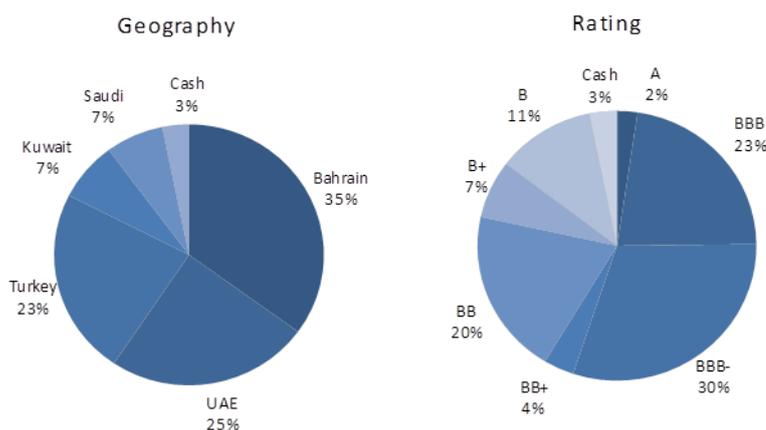
Manager's Commentary

The SICO Fixed Income Fund rose for a 2nd month in a row this year taking the total 2015 return to 1.2%. In February the fund was up by 0.6% versus the benchmark of 0.2%.

It was a modest month for fixed income as Treasuries rose back to 2.02% from 1.65% in January. The portfolio took advantage of its investment grade corporates which received a lot of good attention after the sovereign rally last month. It has been a trend which we have been positioning for after government related papers became extremely expensive and investors began targeting the "next best" quality class. The recently neglected high yielders also came back to life after a lot of cash was being recycled into these names post the DAR AL ARKAN 2015 maturity in February. Investors are sacrificing that bit of quality for the higher yield and this is where we continue to see value. Bahraini related papers did particularly well, rising by almost a dollar with Dubai following suit as UAE names are up on average by 30 cents. On the other hand, a lot of last month's stars have all taken a hit with the sovereign curve down by nearly two dollars. However we do see buying opportunities across the spectrum coming back as investors are far more comfortable taking on risk with Treasuries at 2% rather than the lows of 1.65% where they were at the beginning of the month.

March should turn into an interesting month as we have a series of new issues coming out in the GCC including a sovereign paper. Fixed income markets have also been more volatile than usual which has brought along with it a lot of opportunities. The volatility we have seen has created an environment for investors to take positions when treasuries are touching a new 1-month high and selling after a 20-30 bps movement. Each time that rates try to sell off, there is a lot of liquidity that pushes them back down again and it is sort of an upward trending zig-zag motion. We see this trend continuing until the first Fed rate hike which may temporarily lead to an oversold market. However it would also translate into another great buying opportunity which the fund is greatly positioned for as there is a lot of money that is just waiting to get deployed into the higher rates.

Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	5.4%	2.4	17.7%
ALBARAKA TURK 7 ¼ 05/07/23	B	7.8%	7.8%	2.7	11.4%
BHRAIN 6 ¼ 07/05/22	BBB	6.1%	3.9%	6.0	8.5%

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* (%)
February 2015	0.6	0.2
2015 (YTD)	1.2	2.4
2014	8.7	6.9
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	0.4	1.6
Last 6 Months	1.7	2.4
Last 1 Year	7.2	6.3
Since Inception (Apr 2013 – Feb 2015)	9.1	9.0
Duration (years)	3.4	5.3
Yield to maturity (%)	4.5	2.8
Coupon (%)	6.4	4.7
Spread (bps)	315	141

* Barclays EM GCC Index

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