

### Manager's Commentary

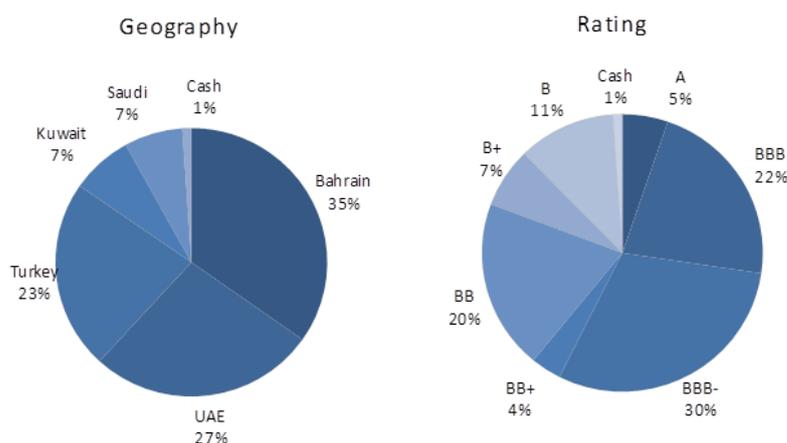
The SICO Fixed Income Fund dropped slightly in March amidst treasury volatility and a slump in oil prices. The fund fell by 0.1%, inline with its benchmark but managed to retain most of its 2015 gains.

GCC Fixed Income markets found themselves in a bit of a muddle this month, on one hand dealing with a surprisingly relaxed and dovish Fed but also having to withstand the selling pressure from investors following the Saudi airstrikes on Yemen. Local credits also suffered from a collapse in oil prices as Brent plunged by 11% to USD 55 following a potential new nuclear deal with Iran which could see sanctions loosened on the oil-rich nation. The fund however held its ground due to its defensive and opportunistic positioning with an average yield to maturity of 4.5%. Particularly the corporates and financials did well as they continued to receive inflows from maturing bonds which were being recycled back into the market.

We had some key points to takeaway this month, most notably that the Fed is likely going to postpone rate hikes for another 3 months as they reduced US economic growth projections and redirected focus back to fundamentals. In particular the dots, which represent each individual member's anonymous interest rate projections, were on average 50bps lower than at the start of the year. Fact is that inflation in the US is still running extremely low, a stronger dollar could de-rail the economy, quality in the labor market is lacking, and there is still a huge drag from global economies and disinflationary pressures. Therefore we believe that a June rate hike is now completely off the table with a September lift off far more likely. This should keep fixed income markets sweet for some time.

The fund has already taken advantage of the Fed's new dovish stance by slightly increasing its duration from 3.4x to 3.5x as well as strengthening its investment rating with a new "A-grade" addition. We believe that the fund is on a good way to achieve a positive return for April which should provide momentum for the remainder of the year.

### Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	5.2%	2.3	17.6%
ALBARAKA TURK 7 ¾ 05/07/23	B	7.8%	7.9%	2.7	11.2%
DEWAAE 7 3/8 10/21/20	BBB	7.4%	2.9%	4.6	8.4%

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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\$10,000
Custodian/ Administrator	HSBC Middle East
Registrar	HSBC Middle East

### Fund Returns and Characteristics

	Fund (%)	Benchmark* (%)
March 2015	-0.1	-0.1
2015 (YTD)	1.1	2.2
2014	8.7	6.9
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	1.1	2.2
Last 6 Months	1.9	3.1
Last 1 Year	6.3	5.9
Since Inception (Apr 2013 – Mar 2015)	9.0	8.8
Duration (years)	3.5	5.3
Yield to maturity (%)	4.5	2.9
Coupon (%)	6.3	4.6
Spread (bps)	330	157

\* Barclays EM GCC Index

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