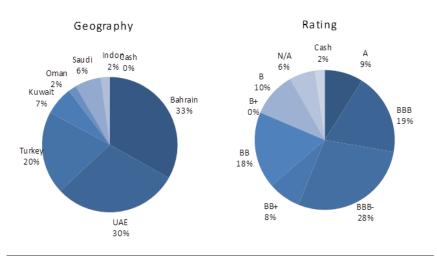
Manager's Commentary

The SICO Fixed Income Fund gained 1.1% in February as markets were recovering well in the second month of the year.

The month of February was governed by downgrades for GCC Governments as rating agencies reduced their forecasts on oil prices which are now moving into their nineteenth negative month. Saudi Arabia's credit was cut two levels to A- from A+ as the decline in oil prices has begun having a significant impact on the economy of the biggest OPEC producer. At the same time Oman's rating was lowered to BBB- from BBB+, following a reduction in November while Bahrain also dropped two notches from BBB- to BB and is now officially "junk" status. However most of the fund was largely unaffected by the downgrades owing to its well diversified status. Positions in Turkey performed particularly strong as treasuries continued to rally on the back of negative rates in Europe and Japan. Additionally, the global deflationary pressures have been accumulating with the lower commodity prices and have been creating a positive vibe in the long duration and perpetual space of which we have 20% of the portfolio located.

The fund overall performed well amidst the impulsive trading patterns seen in February however defensive positioning and exposure to bonds with low oil correlations meant that the fund was not able to fully capture the 15% oil rally towards the last week of the month. Nevertheless the portfolio with its duration of 2.5 and yield of 4.7% is positioned to achieve consistent and sustainable returns with low volatility. The fund may however also increase duration once there is more clarity on the future trend in oil prices especially after certain OPEC and non-OPEC members are attempting discussions to cut supply whilst maintaining market share after several GCC nations stated that they would not increase current supply. We may also enhance risk as GCC nations look to cut spending in an attempt to reduce their fiscal breakeven oil prices whilst maintaining a sizable floating rate exposure as the Fed looks to embark on a journey of normalizing rates.

Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	5.1%	1.5	15.4%
ALBARAKA TURK 7 ¾ 05/07/23	В	7.8%	8.7%	1.9	10.0%
DEWAAE 7 3/8 10/21/20	BBB	7.4%	3.0%	3.9	7.2%

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شركة الأوراق المالية والاستثمار ش. م.پ (م) ص.ب: ۱۹۳۱. المنامة ، مملكة البحرين هاتف: ۱۹۰۰ ۱۷۷۱ ۹۷۳ فاكس: ۱۹۷۱ ۹۷۷۱ ۹۷۳ ب سجل تجاري رقم ۹۲ ۹۳۳ 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* (%)
February 2016	1.1	1.9
2016 (YTD)	0.4	0.8
2015	1.9	1.7
2014	8.7	6.9
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	0.7	0.7
Last 6 Months	0.1	0.2
Last 1 Year	1.1	0.1
Since Inception (Apr 2013 – Feb 2016)	10.4	9.1
Duration (years)	2.5	4.9
Yield to maturity (%)	4.7	3.5
Coupon (%)	5.8	4.6
Spread (bps)	409	231

* Barclays EM GCC Index

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