

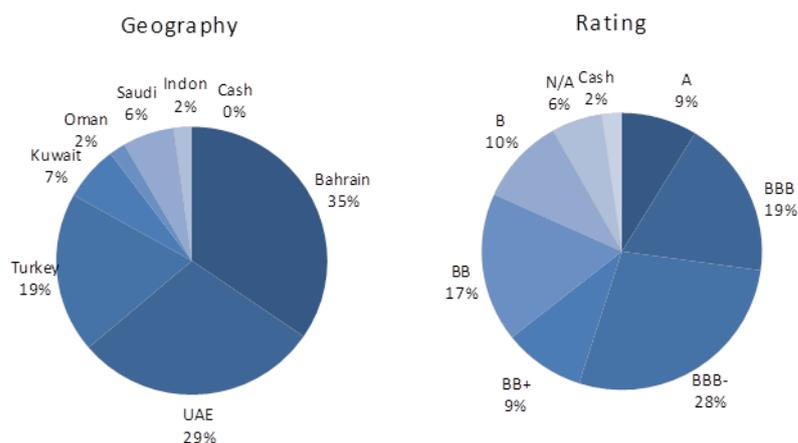
### Manager's Commentary

The SICO Fixed Income Fund gained traction and added another 0.9% in March as the local Barclays GCC Bond Index jumped 1.3% and contributed to the strong run in fixed income so far this year.

GCC fixed income markets enjoyed a strong rally this month, alongside a recovery in oil prices and positive risk sentiment from international buyers. Long duration names were the clear outperformer with perpetuals following suit and risk returning back to the high yield sector. Oil also hit its highest level this year at \$42.5 as OPEC and non-OPEC members look to strike a deal to cap production. Oil prices have now spent a whole month in the range of \$34—\$40 thereby fuelling a strong decline in credit spreads which tightened by 60 basis points. Another blessing came from the Fed who were surprisingly dovish and vowed to keep rates low for as long as necessary as inflation continues to remain below their targets with risks weighing in from global economies. The 10 year treasuries ended the month at 1.77% as a result after temporarily trading as high as 2.0%.

The single largest contributor to the fund's performance in March was its exposure to the real estate sector. These rallied by 3-4 dollars benefitting from the risk on sentiment. On a country level, Bahraini and Omani names outperformed while high coupon names continued to support the fund. A probable delay in any Fed rate hikes also meant that the fund was able to pick up floating rate bonds at very cheap yields. As a result the yield to maturity rose from 4.7% to 4.9% despite a 20 basis point drop in credit spread. Moreover certain positions within the fund remained stagnant and have yet to react to the jump in oil prices which we believe will add value going forward. We expect these names to continue to boost the fund and offer some adhesion over the coming months. The fund also remains skewed towards credit risk following higher support levels in the price of oil, global easy monetary policy and initiatives by regional governments to improve their debt profile.

### Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	4.6%	1.5	15.4%
ALBARAKA TURK 7 ¾ 05/07/23	B	7.8%	8.5%	1.8	10.0%
DEWAAE 7 3/8 10/21/20	BBB	7.4%	2.9%	3.9	7.2%

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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 2016	0.9	1.3
2016 (YTD)	1.3	2.1
2015	1.9	1.7
2014	8.7	6.9
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	1.3	2.1
Last 6 Months	1.4	1.3
Last 1 Year	2.1	1.5
Since Inception (Apr 2013 – Mar 2016)	11.4	10.5
Duration (years)	2.5	5.1
Yield to maturity (%)	4.9	3.4
Coupon (%)	5.8	4.7
Spread (bps)	389	219

\* Barclays EM GCC Index

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