

# SICO Fixed Income Fund Class A

## Factsheet - April 2017

NAV US\$ 107.77 ↑ 0.7%  
Adjusted (for dividends) NAV US\$ 118.02

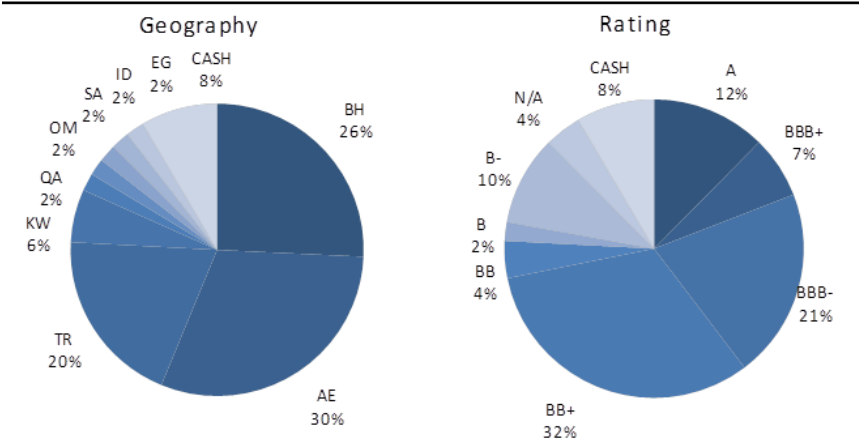
### Manager's Commentary

The SICO Fixed Income Fund continued its positive performance increasing by 0.7% in April closely tracking the 0.7% generated by the Barclays GCC Bond Index despite carrying less than half the duration.

Fixed income markets resumed their rally this month on the back of geopolitical uncertainties, European elections and fading optimism on US fiscal stimulus. Expectations of US tax cuts and infrastructure spending, which have been at the forefront of higher treasury rates, were dealt a blow as President Trump's administration continue to struggle with passing new policies. Expensive valuations across various asset classes, particularly amongst global equities also meant that investors sought the safety in treasury markets. The benchmark 10-year treasuries as a result closed the month at 2.28% compared to 2.38% in March, marking the third consecutive month of lower rates. Markets were also contemplating the future path of interest rates as US jobs data showed the weakest figures since last May as payrolls rose by only 98,000 in March while inflation dropped by 0.3% to 2.4%. Elsewhere, new issues from the Saudi Government and other regional government related entities attracted attention to the GCC market once again helping to support prices.

The fund took advantage of the trend both directly and indirectly as risk premiums on new issuances continued to be generous. Our overweight in real estate particularly reflected strongly on performance this month following positive developments by local developers to manage liabilities more actively. Encouraging news out of Turkey which saw Erdogan win the referendum and maintain the status quo also weighed positively on the fund's Turkish exposure. Selective exposure to Bahraini bonds which rallied inline with Oman's doubling in the JP Morgan EMBI Index also worked in our favour. Nevertheless we remain wary of the summer months along with possible balance sheet normalization by the Fed towards the end of the year. We therefore seek to increase our floating rate exposure and look towards spread trades as an additional source of return and maintain our short duration bets. We also remain liquid to capitalize on any short term dislocations and to participate in attractive upcoming issuances.

### Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	4.8%	5.7	14.4%
ALBARAKA TURK 7 ¼ 05/07/23	B	7.8%	8.5%	1.0	9.5%
DEWAAE 7 3/8 10/21/20	BBB+	7.4%	2.6%	3.1	6.6%

### Investment Objective

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* (%)
April 2017	0.7	0.7
2017 (YTD)	2.8	3.0
2016	5.7	4.8
2015	1.6	1.7
2014	8.4	6.8
2013 (Apr - Dec 13)	-1.0	-0.4
Last 3 Months	2.1	2.0
Last 6 Months	2.6	1.2
Last 1 Year	6.1	5.0
Since Inception (Apr 2013 – Apr 2017)	18.3	16.8
Duration (years)	2.9	6.0
Yield to maturity (%)	3.9	3.5
Coupon (%)	5.3	4.3
Spread (bps)	220	154

\* Barclays EM GCC Index

For further information contact [fi@sicobahrain.com](mailto:fi@sicobahrain.com)

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# SICO Fixed Income Fund Class B

## Factsheet - April 2017

NAV US\$ 109.02 ↑ 0.7%  
Adjusted (for dividends) NAV US\$ 119.27

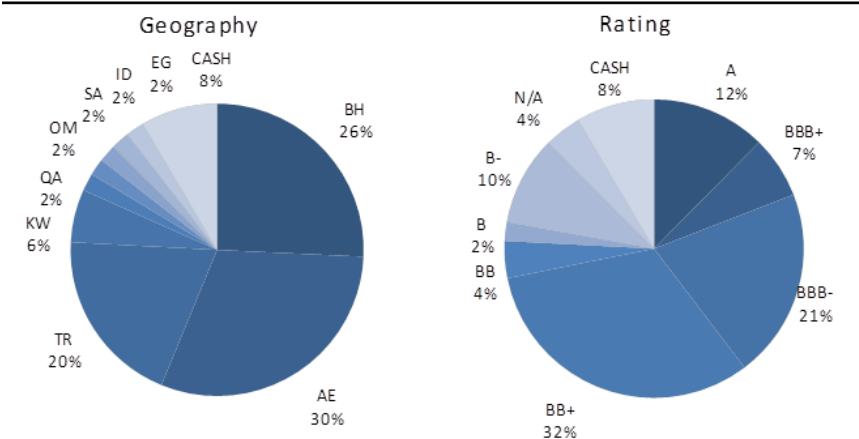
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