

# SICO Fixed Income Fund Class A

## Factsheet - January 2017

NAV US\$ 108.09 ↑ 0.7%  
Adjusted (for dividends) NAV US\$ 115.84

### Manager's Commentary

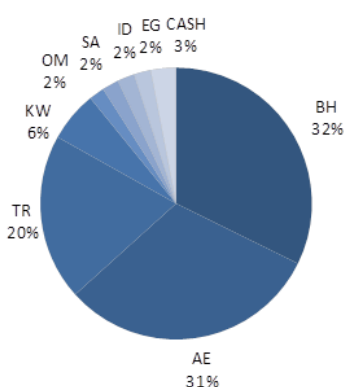
The SICO Fixed Income Fund began the year on a high note generating a return of 0.7% in January compared to 1.0% by the Barclays GCC Bond Index.

A technical correction in US treasury markets and a headline unemployment figure which was not that exciting, temporarily halted an upward trend in interest rates which saw the 10-year benchmark paper rise from 1.8% to 2.6% over the last two months before settling in at 2.45%. There was also some flight to safety amidst equity markets rallying to new peaks and President Trump attempting to withdraw from NAFTA (Transatlantic Agreement) which caused some concern and spurred government bond buying. But GCC bonds have also been benefitting from stronger government initiatives and fiscal reforms making investors far more comfortable targeting the region and holding local debt. Also with the volatility experienced in equity markets last year, and due to the attractiveness of stable returns, we are seeing a larger inflow into fixed income as an asset class overall.

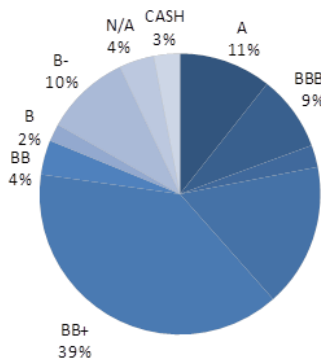
The fund was able to capitalize on the trend with performance mainly driven by high yielders and corporates this month. Financials also contributed to the positive outcome given a healthier outlook and general improvements in the deposit to loan ratios of GCC banks. It has also given traders that extra bit of liquidity needed to lift markets, and with just under USD 4 billion of GCC debt maturing over the next month is going to generate an influx of cash to support local markets. Bahraini and Saudi bonds continued to benefit from oil prices being above USD 50 and general optimism that OPEC will honour its first official month of production cuts. A lack of Sukuks on the curve also meant that investors kept recycling into existing issues which helped the 24s mainly in the fund. Elsewhere ALBARAKA 23s received a boost after the institution announced to reward debt holders with a 1.5% premium to allow changes to its debt structure and make it BASEL III compliant. In general we remain comfortable with our underweight duration strategy and have kept a cash buffer to take advantage of new issues expected next month, a tactic which has worked well with the new Egyptian papers this month.

### Portfolio Composition

Geography



Rating



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	5.1%	5.9	14.7%
ALBARAKA TURK 7 % 05/07/23	B	7.8%	8.8%	1.2	9.7%
DEWAAE 7 3/8 10/21/20	BBB+	7.4%	2.9%	3.3	6.8%

### 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* (%)
January 2017	0.7	1.0
2017 (YTD)	0.7	1.0
2016	5.7	4.8
2015	1.5	1.7
2014	8.4	6.8
2013 (Apr - Dec 13)	-1.0	-0.4
Last 3 Months	0.5	-0.8
Last 6 Months	2.3	-0.1
Last 1 Year	7.0	6.9
Since Inception (Apr 2013 – Jan 2017)	15.9	14.5
Duration (years)	2.9	5.8
Yield to maturity (%)	4.6	3.5
Coupon (%)	5.4	4.4
Spread (bps)	270	155

\* 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 - January 2017

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Adjusted (for dividends) NAV US\$ 116.97

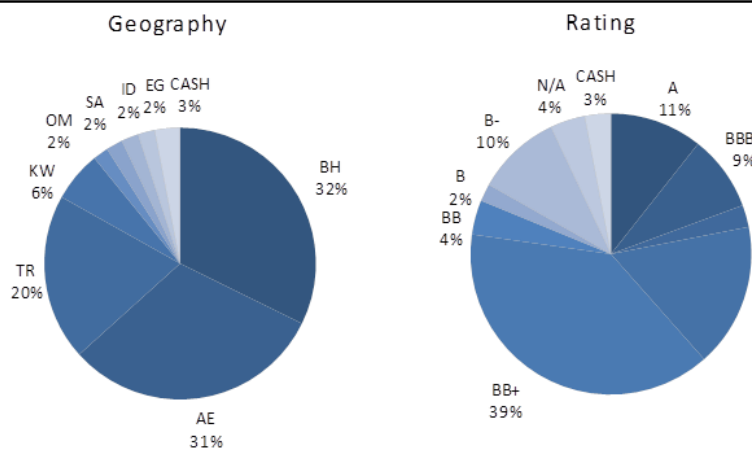
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