

# SICO Fixed Income Fund Class A

Factsheet - July 2017

NAV US\$ 108.53  0.4%  
Adjusted (for dividends) NAV US\$ 118.78

## Manager's Commentary

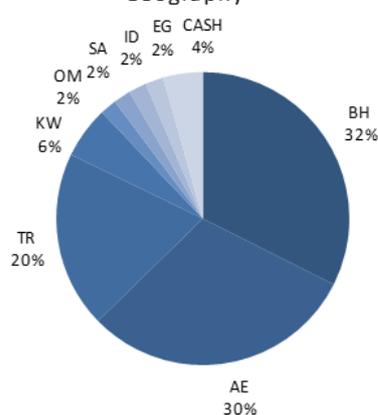
The SICO Fixed Income Fund returned into positive territory and delivered 0.5% in July compared to 0.8% by the Barclays GCC USD Bond Index.

It was most the most volatile month for GCC fixed income this year, plagued by the on-going Qatar crisis with credit spreads fluctuating by 50 basis points while the index recovered from a 0.8% plunge to end the month positively. Poor inflation data also increased demand for bonds as US CPI data came in at 1.6% vs 1.7%, fuelling speculations that the Fed would be more accommodative in its monetary policy going forward. It was a similar story in Europe as inflation underperformed, 1.3% vs 1.4% raising assumptions that the ECB would most likely postpone the end of its bond-buying program. A lack of new issues from the GCC, except for one small corporate deal in July also meant that investors were chasing the same bonds pushing down yields. Oil prices also recovered to above \$50 and while still relatively low international investors were quick to buy GCC bonds, betting on a solution to the regional dispute.

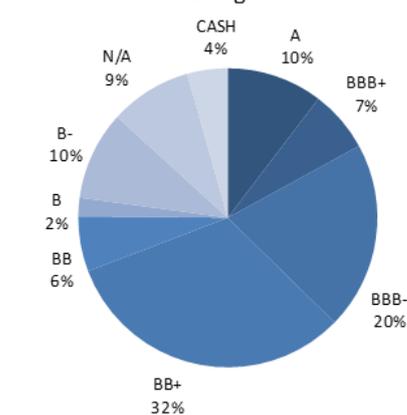
The fund was able to take advantage of the current environment with its bonds benefiting from the carry generated by low inflation and reasonable growth. That coupled with a jump in oil prices particularly benefitted the fund's Bahrain exposure with the 24s rallying by 1 dollar followed by a surge in our Turkish bonds. Our income-generating strategies paid off by focusing on high-yielders and perpetuals while our floating rate bonds also received a boost from the rate hike in June. Going forward we believe that government bond yields will tick up slightly while investment grade corporates will outperform. We however prefer to rotate into them through primary issues rather than buying them at rich valuations. In any case, we remain comfortable with the current composition of the portfolio and look to generate positive returns uncorrelated to market conditions.

## Portfolio Composition

Geography



Rating



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	4.9%	5.4	14.2%
ALBARAKA TURK 7 ¼ 05/07/23	B	7.8%	8.7%	0.7	9.4%
DEWAAE7 3/8 10/21/20	BBB+	7.4%	2.5%	2.9	6.5%

## 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* (%)
July 2017	0.5	0.8
2017 (YTD)	3.5	3.9
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	0.7	0.9
Last 6 Months	2.8	2.9
Last 1 Year	5.2	2.8
Since Inception (Apr 2013 - July 2017)	19.1	17.8
Duration (years)	2.8	5.9
Yield to maturity (%)	4.4	3.6
Coupon (%)	5.6	4.4
Spread (bps)	258	166

\* Barclays EM GCC Index

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

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بنك استثماري **sico**  
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# SICO Fixed Income Fund Class B

## Factsheet - July 2017

NAV US\$ 109.86  0.5%  
Adjusted (for dividends) NAV US\$ 120.11

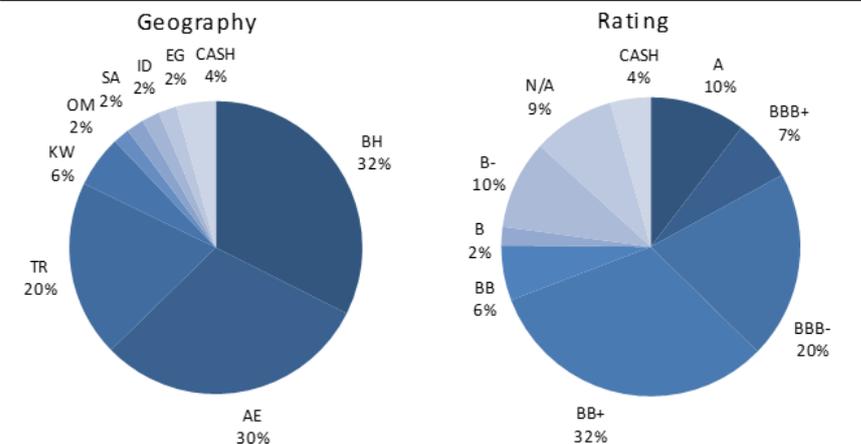
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