

SICO Fixed Income Fund Class A

Factsheet - March 2017

NAV US\$ 107.06 ↑ 0.5%
Adjusted (for dividends) NAV US\$ 117.31

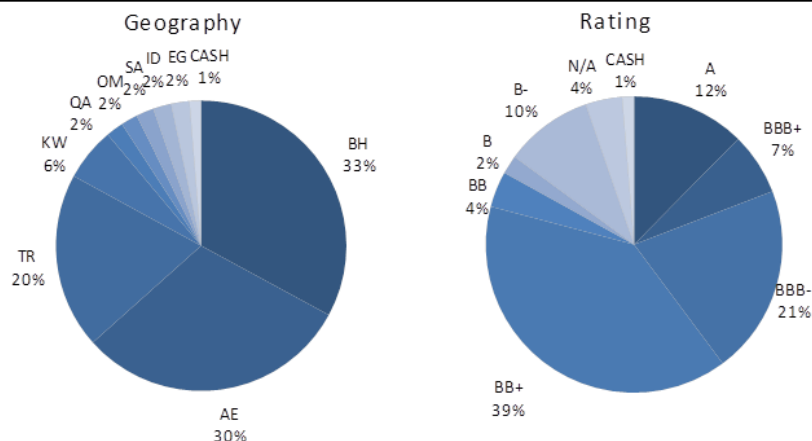
Manager's Commentary

The SICO Fixed Income Fund continued its positive performance and rose for the third time this year increasing by 0.5% compared to 0.3% by the Barclays GCC Bond Index.

Fixed income markets continued to rally as investors saw fading hopes of US fiscal stimulus with yields dropping to annual lows despite a rate hike by the Fed in March. Expectations of tax cuts and further government spending have been dealt a blow as recent stalemates in Congress have induced doubts on whether Trump can deliver on the new reforms. The Federal Reserve amongst Janet Yellen also seemed to be very accommodative and vowed to gradually increase interest rates slowly, maintaining current forecasts in spite of an onset of stronger data which saw US inflation peak at 2.7%. GCC bond holders as a result took more comfort in holding higher quality names but also played a flattening yield curve whereby they sell short term sovereigns and buy the longer dated 10 or 30-year papers. Bonds from Bahrain and Oman also soared after Kuwait's oil minister said that OPEC is in talks to extend production cuts which pushed oil prices past USD 55 a barrel.

The fund took advantage of the oil price story with over 30% allocated to Bahrain but also profited from its selective exposure to GCC sovereign paper following lower global yields. Our Turkish bonds also performed strongly in line with treasury retracements but also on revived confidence of maintaining the status quo ahead of the Turkish elections in April. The decision by the Saudi Government to cut the oil tax for hydrocarbon producers added further support for the other Saudi paper in the fund, indirectly benefitting Bahrain as well. News of a DAMAC tender and a new bond from Dar Al Arkan also boosted confidence of repayment and helped the fund's real estate exposure. As for now markets are pricing in one more rate hike this year and while there is still considerable uncertainty about fiscal policy and its potential contribution to economic activity, it seems likely that it will shift over time to a more simulative setting. In light of these events we remain well diversified with stable names and look towards new issues as a source of additional returns.

Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	4.9%	5.7	14.5%
ALBARAKA TURK 7 ¼ 05/07/23	B	7.8%	8.7%	1.0	9.5%
DEWAAE 7 3/8 10/21/20	BBB+	7.4%	2.7%	3.1	6.7%

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* (%)
March 2017	0.5	0.3
2017 (YTD)	2.1	2.3
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	2.3
Last 6 Months	2.7	0.5
Last 1 Year	6.5	5.0
Since Inception (Apr 2013 – Mar 2017)	17.5	16.0
Duration (years)	2.9	6.0
Yield to maturity (%)	4.0	3.5
Coupon (%)	5.4	4.4
Spread (bps)	229	153

* Barclays EM GCC Index

For further information contact fi@sicobahrain.com

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SICO Fixed Income Fund Class B

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NAV US\$ 108.28 ↑ 0.5%
Adjusted (for dividends) NAV US\$ 118.53

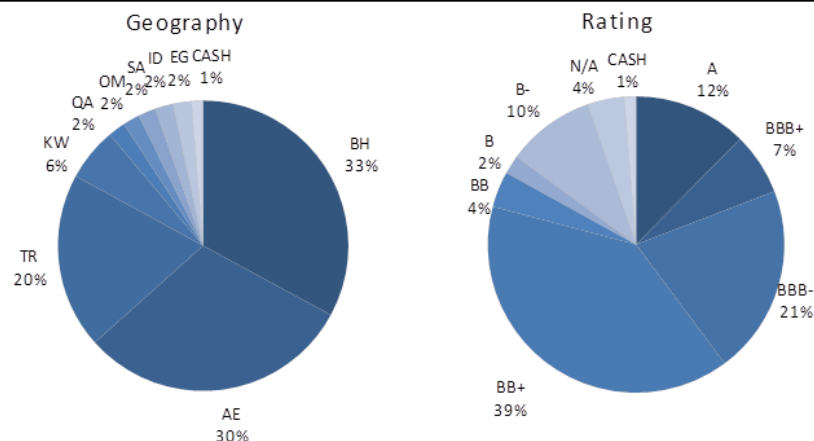
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Fund Returns and Characteristics

	Fund (%)	Benchmark* (%)
March 2017	0.5	0.3
2017 (YTD)	2.2	2.3
2016	6.0	4.8
2015	1.9	1.7
2014	8.8	6.8
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	2.2	2.3
Last 6 Months	2.8	0.5
Last 1 Year	6.9	5.0
Since Inception (Apr 2013 – Mar 2017)	19.1	16.0
Duration (years)	2.9	6.0
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