

# SICO Fixed Income Fund Class A

## Factsheet - November 2016

NAV US\$ 106.96  0.5%  
Adjusted (for dividends) NAV US\$ 114.71

### Manager's Commentary

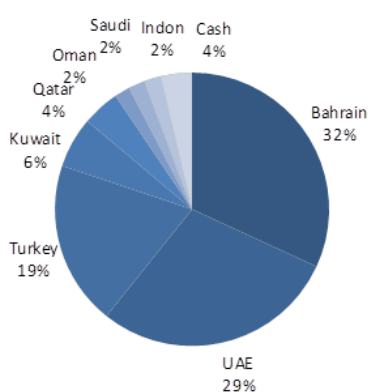
The SICO Fixed Income Fund managed to protect most of its returns as it fell by only 0.5% in November whereas the Barclays GCC Bond Index plunged by a staggering 2.0% wiping out nearly one-third of its annual gains in the process.

The election of Donald Trump to become the next president of the United States has caused an uproar in financial markets with longer-dated treasuries selling off by more than 60 basis points; the most in over four decades. Trump, who has campaigned for fiscal stimulus and infrastructure spending has soared inflation expectations and boosted optimism for stronger growth in the US. As a result, the benchmark 10-year treasury ended the month at 2.38% while the 30-year note which closely tracks inflation closed at 3.04%. Oil prices also faded lower to \$46 throughout most of the month on the back of diminishing odds that any OPEC production cuts would be enough to end the global supply glut. The overall negative sentiment was echoed throughout the GCC fixed income market with bonds out of Saudi Arabia, Abu Dhabi and Qatar taking most of the brunt. High yielders on the other hand fared much better and tend to do well in a growth environment.

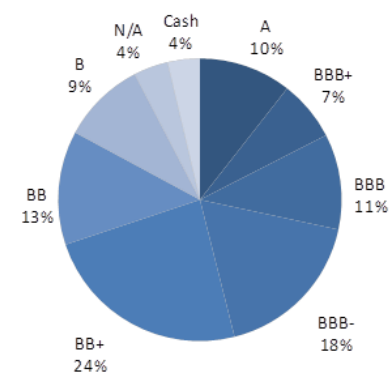
Not surprisingly, the fund managed to outperform with a significant amount dedicated to its high yield strategy. Its largest holding, Bahrain 24 continued to be well supported with locals offering a floor as the bond continued to accrue a healthy interest. The fund's larger allocation to Sukuks also worked in its favor this month as they tend to outperform in volatile periods given their stable investor base and lower supply. The allocation to financials was another winning strategy with banking bonds looking to make a comeback as widening spreads allows financial institutions to increase their spreads between borrowing and lending rates. The fund's lower duration strategy also paid off as it made it less susceptible to interest rate risk as benchmark assets sold off. Also with over 20% dedicated to

### Portfolio Composition

Geography



Rating



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	5.2%	6.0	14.6%
ALBARAKA TURK 7 ¼ 05/07/23	B	7.8%	9.0%	1.3	9.5%
DEWAAE 7 3/8 10/21/20	BBB+	7.4%	2.8%	3.4	6.9%

### 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* (%)
November 2016	-0.5	-2.0
2016 (YTD)	5.2	4.5
2015	1.5	1.7
2014	8.4	6.8
2013 (Apr - Dec 13)	-1.0	-0.4
Last 3 Months	0.4	-2.2
Last 6 Months	2.2	1.6
Last 1 Year	5.5	4.4
Since Inception (Apr 2013 – Nov 2016)	14.7	15.4
Duration (years)	2.9	5.7
Yield to maturity (%)	4.5	3.6
Coupon (%)	5.3	4.3
Spread (bps)	482	173

\* 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 - November 2016

NAV US\$ 108.03 ↓ 0.5%  
Adjusted (for dividends) NAV US\$ 115.78

### Manager's Commentary

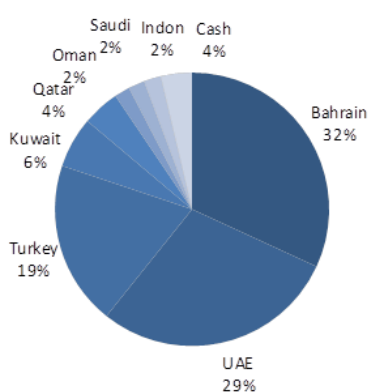
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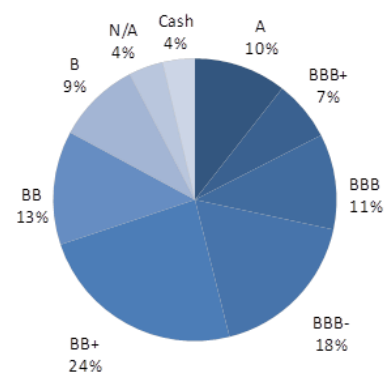
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### Portfolio Composition

Geography



Rating



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Duration (years)	2.9	5.7
Yield to maturity (%)	4.5	3.6
Coupon (%)	5.3	4.3
Spread (bps)	282	173

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