

### Manager's Commentary

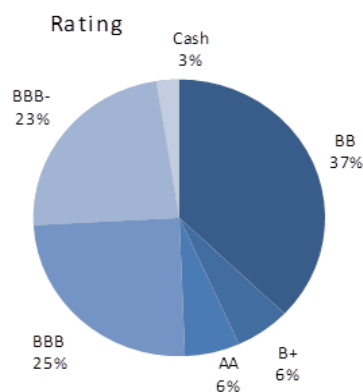
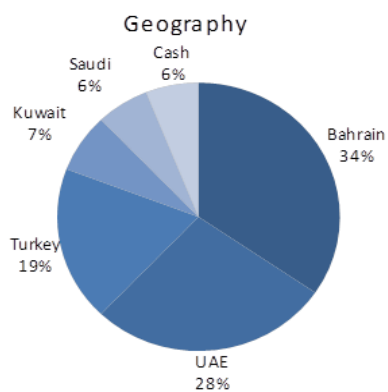
The SICO Fixed Income Fund continued to uptrend through April, outperforming its benchmark by 0.5% and posted a year-to-date gain of 4.5%.

The Fund's positive performance came on the back of a regional debt capital market in which investors remained in a clear "risk-on" mode. April was also an active month in terms of primary issuances. The Fund took positions in a new Mubadala issue which was heavily oversubscribed and in a new 5 year Sukuk issuance from Turkey based Turk Finans. Both issues performed exceptionally well, providing the Fund with considerable capital appreciation. Further, Batelco concluded their Dutch debt auction, redeeming their USD bond at par. The fund used this opportunity to offload its existing Batelco 2020 holdings and bought the issue back at a discount in a very successful tactical trade. Bahrain 2022 posted a solid performance and contributed to the upside by appreciating by 54 Cent.

The Fund also continued to benefit from its Turkish exposure in April as Ish Bankasi 2018 appreciated by USD 2.7. The Fund has a 6.33% exposure to Ish 2018. Turkish fixed income overall continued to recover over the month as global appetite continued to grow.

Going forward the Fund is well positioned to build on its existing gains in a macro environment in which we see no signs of an imminent sell-off in US 10 Year Treasuries taking place as data continues to remain mixed in addition to the Ukrainian tensions that have failed to be quelled. Cash from a maturing position in Aldar 2014 will be utilized in upcoming primary issuances in May.

### Portfolio Composition



Top Holdings	BB Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	4.7%	3.1	18.7%
ALBARAKA TURK 7 ¼ 05/07/23	BB	7.8%	9.1%	6.5	10.7%
DEWAE 7 ¼ 10/21/20	BBB	7.4%	3.6%	5.4	8.5%

### Investment Objective and Strategy

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 Index
Management Fee	1.00%
Subscription & Redemption	Weekly
Subscription / Redemption	Two Business Days
Minimum Subscription	US\$100,000
Custodian/ Administrator	HSBC Middle East
Registrar	HSBC Middle East

### Fund Returns and Characteristics

	Fund (%)	Benchmark* (%)
April 2014	1.0	0.5
YTD (Jan - April) 2014	4.5	3.7
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	3.4	2.7
Last 6 Months	4.7	3.5
Last 1 Year	2.9	2.0
Since Inception (2nd Apr – 30th Apr 14)	3.7	3.3
Duration (years)	4.1	5.4
Yield to maturity (%)	4.5	3.1
Coupon (%)	6.4	4.7
Spread (bps)	288	140

\* Barclays EM GCC Index

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