

SICO Fixed Income Fund

Factsheet - March 2014

NAV US\$ 102.60↑ 0.7%

Manager's Commentary

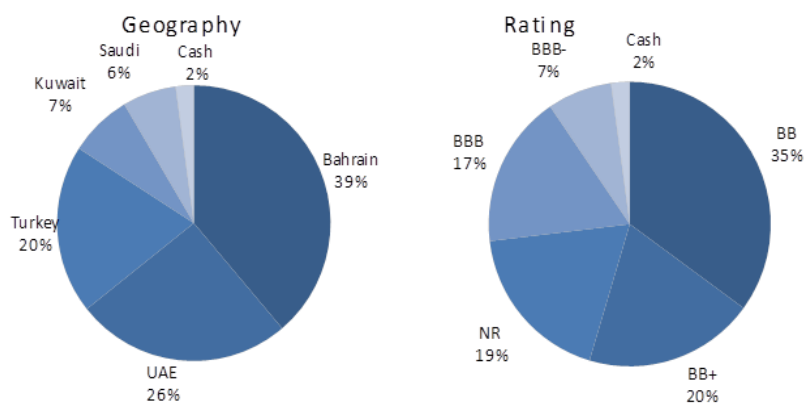
The SICO Fixed Income Fund continued its solid performance through March, outperforming its benchmark by 0.4% and posted a year-to-date gain of 3.4%.

The fund's positive performance was achieved on the back of a broader EM pull-back sparked by the continuing tensions between Russia and the Ukraine at the start of the month. Tensions however subsided during the course of March allowing markets to gain pace once again with buyers taking advantage of the temporary sell-off in EM paper. Regional curves were however not affected, given their relative "safe-haven". Further, some volatility was witnessed at the start of the month as negative headlines over relations between Qatar and the rest of its GCC neighbors caused concern among Asian and Western investors. GCC debt markets however overcame these early jitters and headed higher for the rest of the month in-line with US 10-Year Treasury yields which compressed all the way to 2.67%, thus particularly allowing long duration names in the region to perform exceptionally well.

The Fund particularly benefited from its Turkish exposure as Albaraka 2023 and Ish Bankasi 2018 appreciated by 0.6% and 0.6% respectively. Further, global rating agency, S&P, affirmed Saudi Arabia's Dar Al Arkan credit rating at B+ with a positive outlook. The developer's 2016 and 2018 Sukuks jumped by over a Dollar following the report's release. The Fund has a combined 6% allocation to Dar Al Arkan 2015 and 2016 and a combined 20% exposure to Turkey.

Going forward the fund is well positioned to continue its solid performance into Q2. We expect new primary issuances to be announced as regional fixed income demand remains strong and the macro-economic landscape attractive. The Fund will assess and take advantage of such issuances seeking value from of yield pick-up or potential capital appreciation.

Portfolio Composition



Top Holdings	BB Rating	Coupon	Yield	Duration	Allocation
INVESTCORP 8 ¼ 11/01/17	BB	8.3%	5.0%	3.1	18.8%
ALBARAKA TURK 7 ¼ 05/07/23	BB	7.8%	8.9%	6.4	10.9%
TURKIYE IS 3 ¼ 10/10/18	BBB	3.8%	4.8%	4.2	9.0%

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

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* (%)
March 2014	0.7	0.3
YTD (Jan - March) 2014	3.4	3.2
2013 (Apr - Dec 13)	-0.8	-0.4
Last 3 Months	3.4	3.2
Last 6 Months	5.0	4.2
Last 1 Year	2.6	2.7
Since Inception (2nd Apr - 31st Mar 14)	2.6	2.7
Duration (years)	3.9	5.4
Yield to maturity (%)	4.6	3.1
Coupon (%)	6.8	4.7
Spread (bps)	309	141

* Barclays EM GCC Index

For further information contact assetmanagement@sicobahrain.com



Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331 المنامة، مملكة البحرين
هاتف: 0097317515000 فاكس: 0097317514000
سجل تجاري رقم 33469

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