

SICO Fixed Income Fund Class A

Factsheet - August 2017

NAV US\$ 106.80  0.2%
Adjusted (for dividends) NAV US\$ 119.05

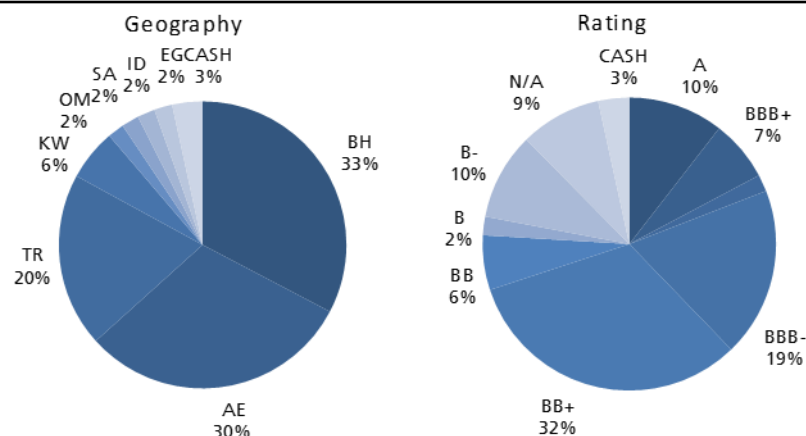
Manager's Commentary

The SICO Fixed Income Fund returned 0.2% in August compared to 0.7% by the Barclays GCC USD Bond Index.

It was a pretty volatile month for GCC fixed income in August, overwhelmed by the on-going Qatar crisis which does not look like it will end any time soon. The main reason for the underperformance during the month is the underweight position in the longer maturity bucket and the underweight in government issues which performed well during the month on the back of the retracement of US treasury yields. The retracement in US treasury yields came as a result of the North Korea escalating tensions, Harvey and also as a result of subdued inflation data in the US. A lack of new issues from the GCC, except for one small corporate deal in the past couple of months meant that investors were chasing the same bonds pushing down yields. Oil prices also recovered to around the \$52 mark which also supported the overall sentiment towards the region.

The fund was able to take advantage of the current environment with its bonds benefiting from the carry generated. While the fund is taking a more conservative approach with a lower duration relative to the benchmark we believe that this is a more prudent strategy going forward as the market remains complacent in terms of its future expectations of rate hikes. Going forward we believe that government bond yields will tick up slightly as we still see one rate hike before year end and balance sheet normalization to resume from October 2017. During the month Garuda 20 made a one-off payment after investors voted for an amendment to the prospectus and a corporate action of 0.6% was passed for all investors who voted for the change. The star holdings for the month are Egypt 2022 and Dar Al Arkan 19 which both appreciated by over 1%. We continue to remain comfortable with the current composition of the portfolio and look to generate positive returns uncorrelated to market conditions and to benefit from the primary market as we expect issuances to pick up post the summer holidays.

Portfolio Composition



Top Holdings	Rating	Coupon	Yield	Duration	Allocation
BHRAIN 5.624 02/12/24	BB+	5.6%	4.9%	5.5	14.4%
ALBRK 7 3/4 05/07/23	B-	7.8%	8.8%	0.6	9.4%
DEWAAE 7 3/8 10/21/20	BBB+	7.4%	2.3%	2.8	6.6%

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, and other Fixed Income related instruments.

Fund Features

- High liquidity
- Low volatility
- Excellent vehicle for medium to 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* (%)
August 2017	0.2	0.7
2017 (YTD)	3.8	4.7
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	0.3	0.9
Last 6 Months	2.1	2.7
Last 1 Year	4.6	2.7
Annualized 3 year	3.8	3.7
Since Inception (Apr 2013 – July 2017)	19.4	18.7
Duration (years)	2.8	5.8
Yield to maturity (%)	4.3	3.5
Coupon (%)	5.7	4.3
Spread (bps)	276	171

* Barclays EM GCC Index (net of fees)

For further information contact fi@sicobahrain.com

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SICO Fixed Income Fund Class B

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NAV US\$ 106.80  0.3%
Adjusted (for dividends) NAV US\$ 120.45

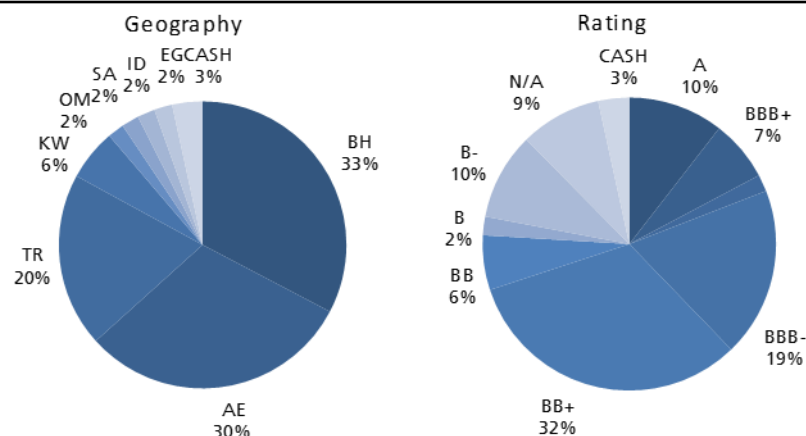
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