

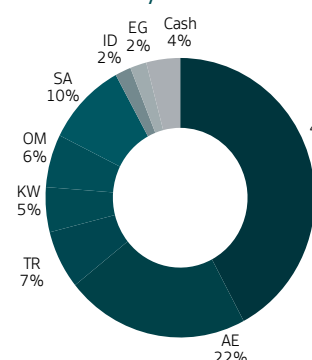
## Managers Commentary

The SICO Fixed Income Fund rose for an eleventh month in a row, raking in a positive performance of 0.4% in April, albeit falling short of its benchmark which rose by 1.1%.

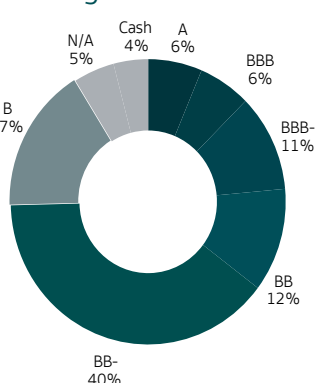
Renewed concerns over the outlook for global growth as well as the more dovish tone from central banks have led investors to flock towards the safety of fixed income. Fed Chairman Jerome Powell underscored this pessimism when he said global risks are weighing on the economic outlook necessitating a scale back of the Fed's balance sheet reduction programme and slashing projected interest rate increases this year from two to zero. Even positive data was short lived and was met with skepticism as economists downplayed the impressive 3.2% 1st quarter US GDP figures as being a one-off due to weak underlying retail growth. Most of the yield curve as a result still remains inverted, up to the 7-year maturity, and although the 10-year treasury rose by 10bps to 2.5% during the month, investors are still going as far as pricing in a rate cut this year according to Bloomberg data. Rate cut expectations have driven credit spreads tighter as the thought is that if growth is so weak, yields can keep falling, and locking in rates now may pay off in the longer term.

The fund however remained prudent and avoided speculation or momentum trading and instead stuck to its defensive strategy, selectively targeting credit trades and new issue premiums. Bahraini bonds attributed largely to performance this month as debt supply remains low, especially on the Sukuk front with prices hitting new highs. Oman also traded positively on the back of technicals as the Sultanate widened to its largest spreads over Bahrain while the usually stagnant UAE entities pushed forward on the back of higher revised GDP figures due to the Dubai Expo 2020. The optimism and search for yield also spread to the corporate sector and benefited the UAE and Saudi companies in the fund. However, the fund was underexposed to both Qatar and Saudi which performed best in the weaker global growth environment due to their high correlation with treasuries. The average spread on GCC names fell from 175bps to 161bps in April as a result. Going forward we look to capitalize on the "carry trade" and lock in higher yields as we expect rates to remain stable for the foreseeable future. Duration increased marginally from 2.5 to 2.7 years.

### Country Allocation



### Rating Allocation



## Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	4.7	5.6	2/12/24	14.8
DARALA 2019	1.8	6.5	5/28/19	9.8
BAHRAIN 2022	4.9	6.1	7/5/22	6.6
BATELCO 2020	4.5	4.3	5/1/20	6.3

## 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

Returns (%)	Fund	Index
April 2019	0.4	1.1
YTD (April 2019)	3.8	5.7
2018	1.6	0.3
2017	3.4	4.7
2016	5.7	4.8
2015	1.6	1.7
2014	8.4	6.8
2013 (April till December 2013)	-1.0	-0.4
Last 3 months	2.4	3.6
Last 6 months	4.3	6.7
Last 1 year	5.4	9.0
Last 3 years	12.9	14.4
Annualized (last 3 years)	4.1	4.6
Since Inception (April 13 — April 19)	25.4	25.9

\*Barclays GCC Bond Index

## Fund Information

Launch Date	April 2013
Management Fee	1.00%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	\$ 100,000.00
Dividends	Semi Annual
Registrar	HSBC Middle East
Custodian/Administrator	HSBC Middle East

## Top Risk Statistics

Name	Fund	Index
Yield to Maturity (%)	4.6	4.1
Duration (years)	2.7	6.9
Coupon (%)	6.0	4.4
Spread (bps)	215	161

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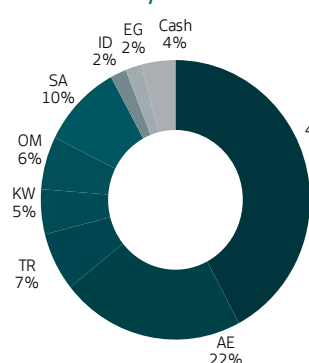
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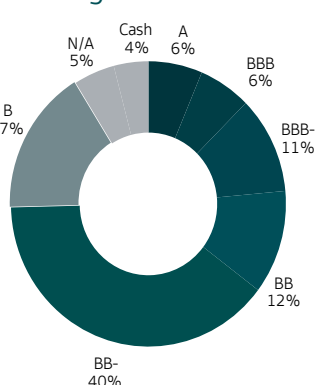
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## Fund Information

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Management Fee	0.75%
Subscription & Redemption	Weekly
Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	\$ 1,000,000.00
Dividends	Semi Annual
Registrar	HSBC Middle East
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