

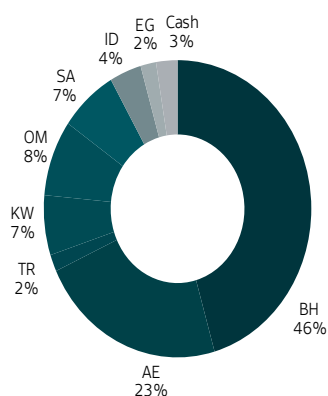
Managers Commentary

The SICO Fixed Income Fund succumbed to the pressures of an international market selloff and dropped by 0.6% in February as fears of a global health pandemic spurred fears of an economic slowdown with equity markets and emerging market debt worst affected. The stronger rated Barclays GCC Bond Index closed the month 0.1% up.

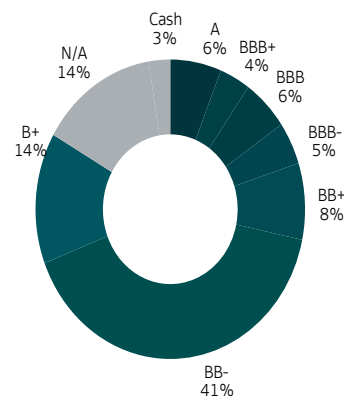
The Coronavirus or COVID-19 as it is now called has dominated headlines all around the world and thrown fundamentals out of the window as the number of new cases globally continues to rise. In particular, the increasingly wide and rapid spread in Asia, Europe and the Middle East has sparked fears of a recession due to the widening economic impact on global supply chains, travel and consumption as various countries introduce preventive measures to contain the virus. The extent of the situation can be seen in treasury markets as the 10-year dropped to its lowest level in history at 1.12%, even lower than the financial crisis or any other crisis before that. Markets are now pricing in 3 rate cuts by the end of the year (Fed previously mentioned that they will likely remain on hold in 2020) and the asymmetric reactions in various assets classes will make it difficult to sustain any cheapening in safe-havens. Even the treasury correlated GCC securities such as Saudi, Abu Dhabi and Qatar dropped in this environment although non-IG names were the worst affected as the virus continues to spread quickly throughout the region.

The Fund therefore underperformed but was able to maintain most of its performance and is still up by 0.4% on a year to date basis. It was challenging to generate any gains when the whole market has been falling and nearly all of our performance was driven by the carry return this month. Nevertheless, we have been relatively prudent and positioned the fund defensively by carrying a duration less than half of the index while emphasizing credit related plays in the GCC debt market. We have been vocal on Bahrain and Egypt but the correlation between securities all turned positive in what has proved to be the worst week since the financial crisis in 2008. Corporate bonds also fell and their high yields did not help to stem off a drop amidst the weakening risk appetite. However, some of our "off-the-run" and illiquid issues did provide adequate protection in the current market environment. The question now of course is whether the unwind in risk will continue or whether the recent weakness now creates a more attractive entry level. With COVID-19 now having perhaps replaced global (U.S./China) trade as the main anchor to investor sentiment, its duration and handling will be key to counter a global recession.

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	3.6	5.6	2/12/24	15.0
DARALA 2022	5.2	6.9	4/10/22	7.4
BAHRAIN 2022	3.0	6.1	7/5/22	6.7
BATELCO 2020	2.9	4.3	5/1/20	6.2

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
January 2020	-0.6	0.1
YTD (January 2020)	0.4	1.5
2019	10.3	15.0
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	1.4	2.4
Last 6 months	4.3	3.2
Last 1 year	8.1	12.9
Last 3 years	13.6	19.3
Annualized (last 3 years)	4.4	6.0
Since Inception (April 13 — Feb 20)	33.8	39.0

*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 (%)	4.3	3.1
Duration (years)	3.2	7.3
Coupon (%)	6.2	4.2
Spread (bps)	310	197

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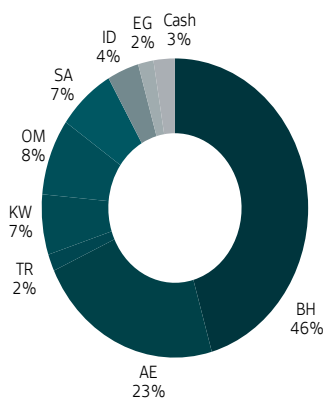
Managers Commentary

The SICO Fixed Income Fund succumbed to the pressures of an international market selloff and dropped by 0.5% in February as fears of a global health pandemic spurred fears of an economic slowdown with equity markets and emerging market debt worst affected. The stronger rated Barclays GCC Bond Index closed the month 0.1% up.

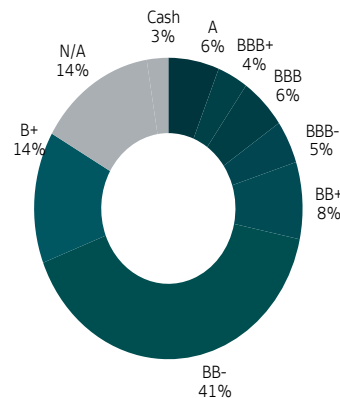
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Fund Features

High Liquidity

Low Volatility

Excellent Vehicle for medium to long term investing

Returns (%)	Fund	Index
February 2020	-0.5	0.1
YTD (February 2020)	0.5	1.5
2019	10.6	15.0
2018	1.9	0.3
2017	3.7	4.7
2016	6.0	4.8
2015	1.9	1.7
2014	8.8	6.8
2013 (April till December 2013)	-0.8	-0.4
Last 3 months	1.5	2.4
Last 6 months	4.4	3.2
Last 1 year	8.5	12.9
Last 3 years	14.9	19.3
Annualized (last 3 years)	4.7	6.0
Since Inception (April 13 — Feb 20)	36.9	39.0

*Barclays GCC Bond Index

Fund Information

Launch Date	April 2013
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
Custodian/Administrator	HSBC Middle East

Top Risk Statistics

Name	Fund	Index
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