

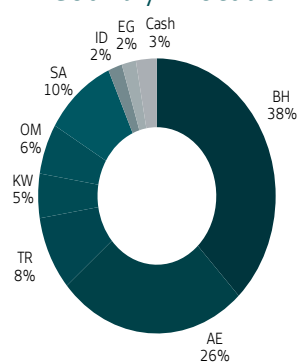
## Managers Commentary

The SICO Fixed Income Fund began the year on a positive note and rose by 1.3%, boosted by a strong Barclays GCC Bond Index which jumped by 2.1% as optimism and liquidity returned to the regional Bond market.

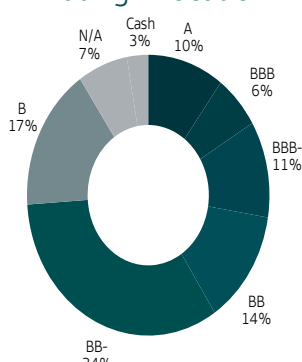
GCC bonds had their best month since January 2015 as regional credits were boosted by rising oil prices, improving market sentiment and the JP Morgan Index inclusion. Global market tensions and a US Government shutdown have also created for a favorable treasury backdrop with large parts of the short term treasury curve still inverted. The difference between 2 and 10 year treasuries yields for instance has shrunk to 15 basis points as US-China trade relationships remain strained while a BREXIT deal has become even more uncertain. On the other hand, the economic picture in the US still looks healthy and is supported by a strong labor market as well as wage inflation. Nevertheless, new GCC debt issuances were muted as Saudi Arabia was the only GCC Government issuer that took advantage of the positive market conditions to issue a new bond while other issuers explored other avenues of financing.

The Fund carried through the momentum from last month and took advantage of the favorable fixed income conditions, albeit at a slower pace due to its defensive and low duration strategy. Our overweight to Bahrain has however helped the fund to maintain performance as large parts of the bond curve remain well supported. A wave of catalysts including lower debt, VAT and GCC support has particularly kept the demand high for long-dated Bahraini paper. UAE investment grade bonds also added to the positive performance of the fund this month, while our under exposure to Oman caused us to forfeit some gains as the debt-stricken nation made a recovery in January on the back of speculative trades by investors. The weakening real estate sector in the GCC has also been a burden on the fund, however healthy financials, high yields and good access to funding are likely to spur a recovery later on in the year. Nevertheless, the Fund will continue to balance high credit risk with low interest risk to deliver stable and positive returns this year, uncorrelated to market movements.

### Country Allocation



### Rating Allocation



## Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	5.4	5.6	2/12/24	14.5
DARALA 19	4.6	6.5	5/28/19	10.0
BAHRAIN 2022	4.8	6.1	7/5/22	6.7
BATELCO 20	4.6	4.3	5/1/20	6.4

## 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 2019	1.3	2.1
YTD (January 2019)	1.3	2.1
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	1.8	3.0
Last 6 months	2.7	3.0
Last 1 year	2.4	2.8
Last 3 years	13.1	13.5
Annualized (last 3 years)	4.2	4.3
Since Inception (April 13 — January 19)	22.4	21.5

\*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 (%)	5.3	4.5
Duration (years)	2.6	6.5
Coupon (%)	6.1	4.4
Spread (bps)	262	192

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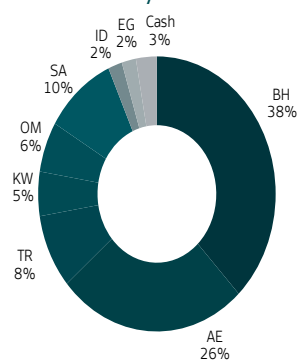
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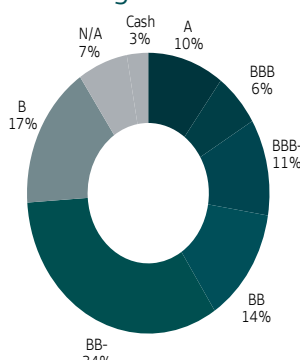
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