

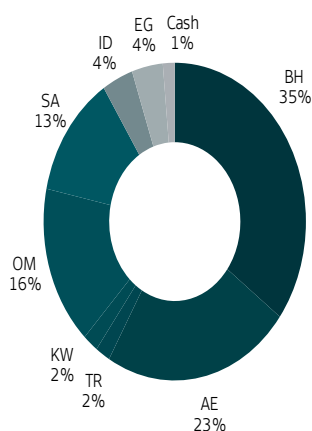
Managers Commentary

The SICO Fixed Income Fund started the year on a strong note and rose by 1.2% in January as the rest of the market showed signs of weakness ahead of a record of new EM debt issuances and further curve steepening.

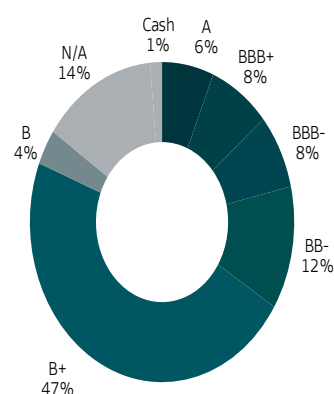
GCC fixed income markets dropped by around 0.4% in January as long duration started to feel the pinch of higher rate movements with both the 10 and 30 year treasuries rising by 15 bps and 20 bps respectively on the back of inflation momentum and possible tapering fears. It was also the highest January on record with nearly USD 40 billion of new EM debt issue including Bahrain (\$2bn), Saudi (\$5bn) and Oman (\$3.25bn) pressuring secondary prices lower. Overall, GCC bond performance has been wobbly of late with this being an emerging theme across EM asset classes. We believe this has been driven by shifting expectations of US fiscal policy support, ongoing concerns about COVID lockdowns and slow vaccine rollouts, their effect on EM growth and fiscal outcomes, as well as political risks. Recent comments by moderate GOP senators indicate risks to market expectations of a quick and substantial US fiscal policy support package. Nevertheless, January's FOMC meeting reaffirmed the Fed's policy guidance as well as tying the path of the economy (and policy) to the course of the COVID virus and vaccination campaign. However, ongoing concerns about COVID lockdowns and vaccine supply issues have added to EM risks in the near term, coupled with the extra supply, causing GCC bonds to end the month in negative territory with regional heavyweights Saudi and Qatar down by 1.0% and 0.9% respectively.

The SICO Fixed Income Fund however soldiered through most of the noise due to its short duration and defensive positioning, holding onto high yielding and off-the-run securities which tend to be less volatile. In fact, nearly half of this month's outperformance can be attributed to the fund's curve positioning (duration 3.7 versus 8.1 by the benchmark), 20% from asset allocation and another 30% from security selection. The fund's best position jumped by 11% as the airline industry continues to recover from the lows of last year while at the same time continuing to benefit from high coupon paying securities, particularly from perpetuals in the region. The Fund also benefited from the new issuances during the month, particularly those out of Oman as these jumped by 5 dollars with most EM managers having an overweight to the country, therefore pulling up all of the curve and the fund's other Omani positions up with it. In fact, Oman was the only GCC debt index that ended the month in positive territory. Overall, we believe that our view of a global recovery aided by policy support remains intact for the medium-term and look to take advantage of rotation trades to benefit from the current market environment.

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	2.9	5.6	2/12/24	14.4
BOSUH 2024	2.5	4.0	9/18/24	4.4
DARALA 2022	4.4	6.9	4/10/22	7.1
OMGRID 2031	5.8	5.8	2/3/21	6.1

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 2021	1.2	-0.4
YTD (January 2021)	1.2	-0.4
2020	3.8	8.6
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	5.0	2.6
Last 6 months	6.7	1.5
Last 1 year	4.1	6.6
Last 3 years	17.1	25.3
Annualized (last 3 years)	5.4	7.8
Since Inception (April 13 — Jan 21)	40.0	48.1

*Barclays GCC Bond Index

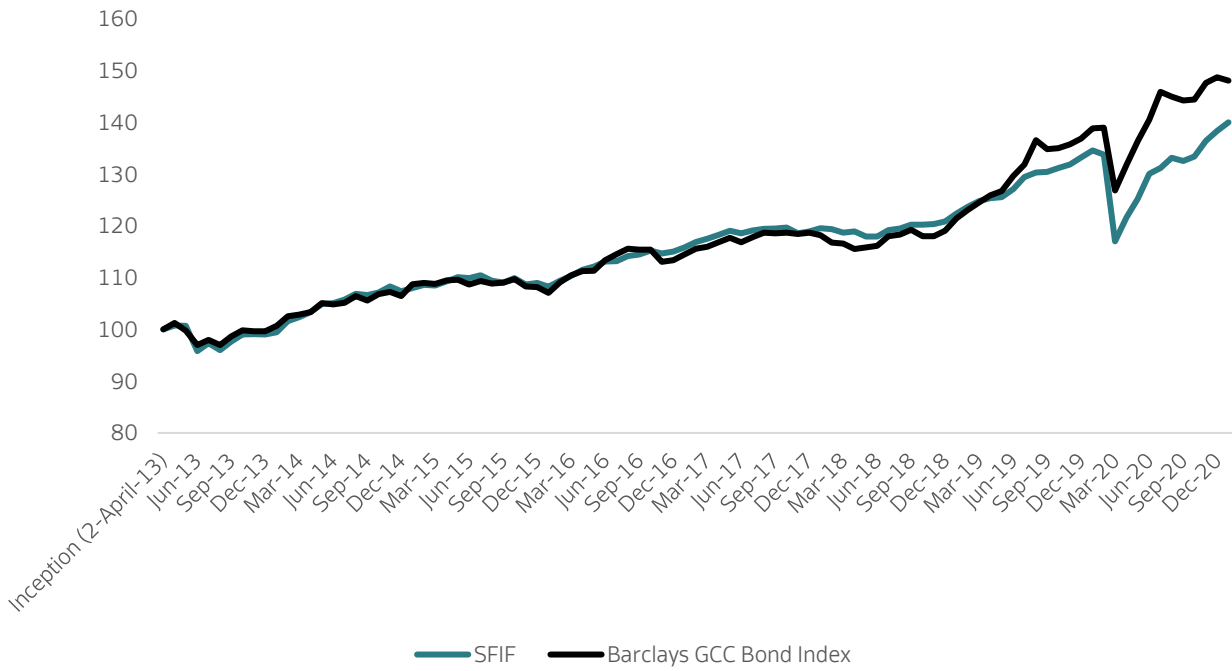
Fund Information

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	2.6
Duration (years)	3.7	8.1
Coupon (%)	5.6	4.2
Spread (bps)	419	170

Cumulative Performance



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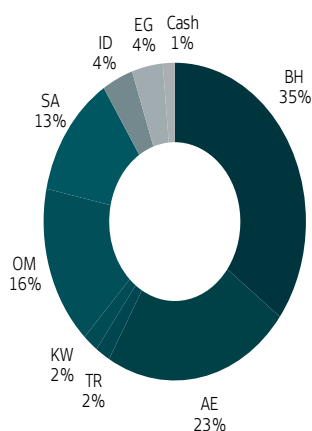
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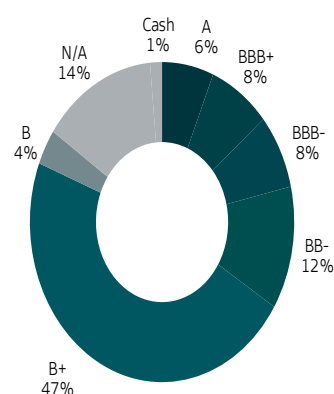
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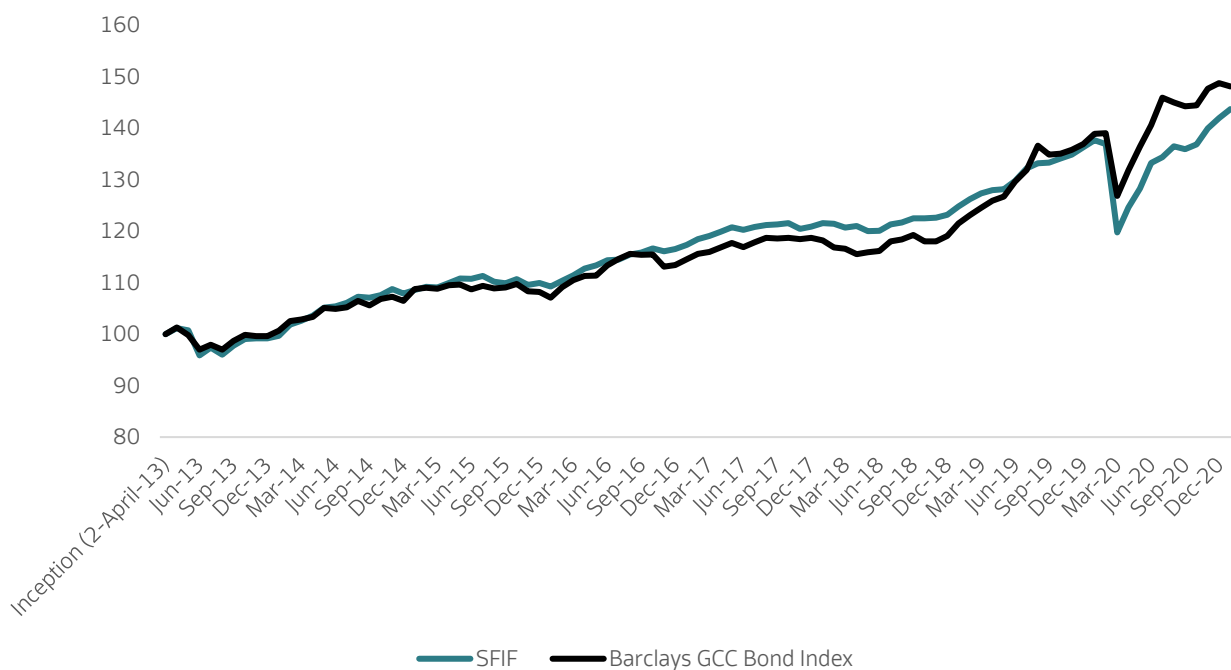
Fund Information

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

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