

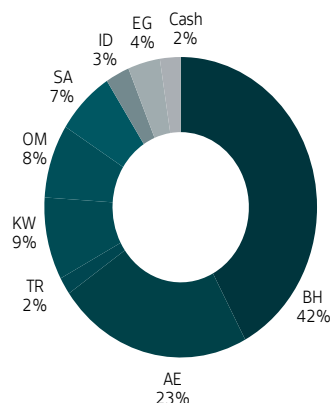
Managers Commentary

The SICO Fixed Income Fund managed to keep up its positive performance as it rose by a further 3.8% in June against a blurred backdrop of supportive technical valuations and deteriorating short term fundamentals amidst a fragile recovery in oil prices.

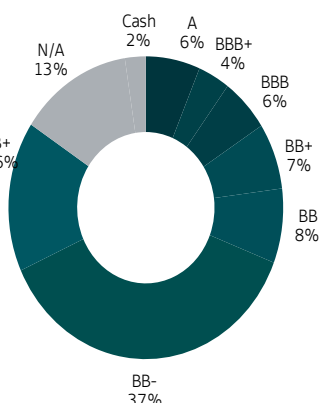
The unprecedentedly rapid and large monetary and fiscal stimulus put in place by the major global economies has fueled a sharp rebound in GCC bond prices over the last 2 months but seem to have hit wall towards the end of June with most of the positives surrounding a recovery now nearly fully priced in. Returns this month were driven by GCC sovereign bonds as they outperformed GCC corporates (3.5% vs 2.4%) as global stimulus and unlimited QE continues to find its way to the region, particularly through index trades, dominated by sovereign issues. Also with most of the debt raising by GCC sovereign issues completed in May, a limited amount of supply helped the sector outperform. It was however Bahrain that came out on top once again after its bonds rallied by 5.2% in June, helped by relative value trades on the back of higher oil prices with GCC support adding a floor to these trades. Omani bonds also briefly rallied after news filtered through that the Sultanate has been in deep discussions with the GCC over a possible financial aid package that has also gaining the support from the US. Elsewhere, treasury rates have been on hold, with the 10 year trading at the low 0.6% levels due to risks of a 2nd wave, particular in the US and other LATAM countries as well as a resurfacing of trade tensions with China. Other political risks have also dampened investor confidence as China appears in the middle of several issues, as tensions with Hong Kong have risen and will most likely command a risk premium on certain HY assets going forward.

The fund has however performed relatively well and made the most out of this month due to its overweight in Bahraini fixed income securities as well as other off-benchmark bets. We have been particularly active on the belly of the Bahrain curve as we see it the most attractive in terms of spread and yield. Bahrain has one of the highest COVID-19 testing-to-population levels in the world, which should augur well for reopening the economy, especially to maintain the F1 race on schedule. The government has secured the bulk of its 2020 financing needs, thereby reducing risks from any renewed oil price weakness while building on the fiscal reforms that started in 2018, which has also boosted the GREs within the fund. We were also overweight Egypt as the sovereign has recently secured most of its funding needs for 2020 and 2021 through new debt issuances and USD 5 billion IMF deal. In general, such deals with multilateral agencies have boosted investor confidence and is another reason why HY EM assets in the fund, especially Oman performed strongly. Our neutral stance on the UAE has also bode well for the fund amidst a flurry of new debt and tight yields, especially in the corporate sector. Nevertheless, the UAE stimulus has mainly relied on monetary policy so far, leaving ample fiscal buffers in coming years as Dubai's Expo comes into focus next year. We therefore see room for more spread compression going forward with carry trades coming to the forefront as central banks still remain extremely accommodative with their policies with the possibility of more liquidity filtering through to the GCC.

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	4.2	5.6	2/12/24	14.9
KIPCO 2020	-2.1	9.4	7/15/20	7.4
DARALA 2022	7.9	6.9	4/10/22	7.2
BAHRAIN 2022	3.8	6.1	7/5/22	6.7

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
June 2020	3.8	3.1
YTD (June 2020)	-2.4	2.7
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	11.2	10.8
Last 6 months	-2.4	2.7
Last 1 year	2.3	8.4
Last 3 years	8.9	19.3
Annualized (last 3 years)	2.9	6.1
Since Inception (April 13 — June 20)	30.1	40.6

*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 (%)	5.0	3.1
Duration (years)	3.1	7.9
Coupon (%)	6.4	4.2
Spread (bps)	491	246

This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believe to be reliable; however SICO BSC(c) does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO.

SICO BSC(c) claims compliance with the Global Investment Performance Standards (GIPS®). SICO BSC(c) is a closed joint stock company registered in Bahrain and operates a wholesale banking license from the Central Bank of Bahrain. The company is registered with the Ministry of Industry and Commerce and is listed on the Bahrain Stock Exchange as a closed company. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, write to asset.management@sicobahrain.com, or call 973 17 515000.

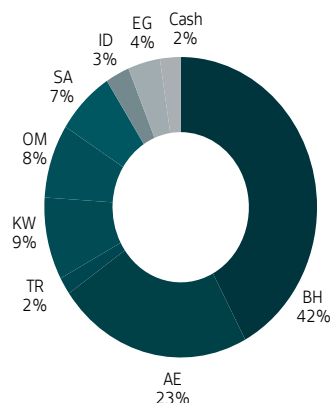
Managers Commentary

The SICO Fixed Income Fund managed to keep up its positive performance as it rose by a further 3.8% in June against a blurred backdrop of supportive technical valuations and deteriorating short term fundamentals amidst a fragile recovery in oil prices.

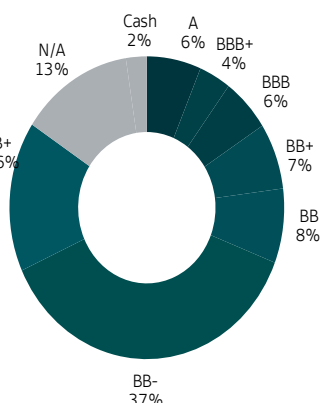
The unprecedentedly rapid and large monetary and fiscal stimulus put in place by the major global economies has fueled a sharp rebound in GCC bond prices over the last 2 months but seem to have hit wall towards the end of June with most of the positives surrounding a recovery now nearly fully priced in. Returns this month were driven by GCC sovereign bonds as they outperformed GCC corporates (3.5% vs 2.4%) as global stimulus and unlimited QE continues to find its way to the region, particularly through index trades, dominated by sovereign issues. Also with most of the debt raising by GCC sovereign issues completed in May, a limited amount of supply helped the sector outperform. It was however Bahrain that came out on top once again after its bonds rallied by 5.2% in June, helped by relative value trades on the back of higher oil prices with GCC support adding a floor to these trades. Omani bonds also briefly rallied after news filtered through that the Sultanate has been in deep discussions with the GCC over a possible financial aid package that has also gaining the support from the US. Elsewhere, treasury rates have been on hold, with the 10 year trading at the low 0.6% levels due to risks of a 2nd wave, particular in the US and other LATAM countries as well as a resurfacing of trade tensions with China. Other political risks have also dampened investor confidence as China appears in the middle of several issues, as tensions with Hong Kong have risen and will most likely command a risk premium on certain HY assets going forward.

The fund has however performed relatively well and made the most out of this month due to its overweight in Bahraini fixed income securities as well as other off-benchmark bets. We have been particularly active on the belly of the Bahrain curve as we see it the most attractive in terms of spread and yield. Bahrain has one of the highest COVID-19 testing-to-population levels in the world, which should augur well for reopening the economy, especially to maintain the F1 race on schedule. The government has secured the bulk of its 2020 financing needs, thereby reducing risks from any renewed oil price weakness while building on the fiscal reforms that started in 2018, which has also boosted the GREs within the fund. We were also overweight Egypt as the sovereign has recently secured most of its funding needs for 2020 and 2021 through new debt issuances and USD 5 billion IMF deal. In general, such deals with multilateral agencies have boosted investor confidence and is another reason why HY EM assets in the fund, especially Oman performed strongly. Our neutral stance on the UAE has also bode well for the fund amidst a flurry of new debt and tight yields, especially in the corporate sector. Nevertheless, the UAE stimulus has mainly relied on monetary policy so far, leaving ample fiscal buffers in coming years as Dubai's Expo comes into focus next year. We therefore see room for more spread compression going forward with carry trades coming to the forefront as central banks still remain extremely accommodative with their policies with the possibility of more liquidity filtering through to the GCC.

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	4.2	5.6	2/12/24	14.9
KIPCO 2020	-2.1	9.4	7/15/20	7.4
DARALA 2022	7.9	6.9	4/10/22	7.2
BAHRAIN 2022	3.8	6.1	7/5/22	6.7

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
June 2020	3.8	3.1
YTD (June 2020)	-2.2	2.7
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	11.2	10.8
Last 6 months	-2.2	2.7
Last 1 year	2.7	8.4
Last 3 years	10.1	19.3
Annualized (last 3 years)	3.2	6.1
Since Inception (April 13 — June 20)	33.2	40.6

*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
Yield to Maturity (%)	5.0	3.1
Duration (years)	3.1	7.9
Coupon (%)	6.4	4.2
Spread (bps)	491	246

This report should not be considered an offer to sell, or a solicitation to buy, shares mentioned herein. Past performance is no indication of future results. Fund historical performance does not promise the same or similar results in the future. Principal value, share prices and investment returns fluctuate with changes in market conditions. The information contained herein has been compiled from sources believe to be reliable; however SICO BSC(c) does not guarantee its accuracy or completeness. Opinions, forecasts and estimates constitute our judgment as of the date of this report and are subject to change without notice. This report is not a solicitation of an order to buy or sell securities or to provide investment advice or service. SICO or its affiliates may from time to time engage in long or short positions in the securities mentioned herein. SICO or its affiliates may act as principal, agent or market maker or provide other services to the issuers of securities mentioned herein. This report is provided for information purposes only and may not be copied or distributed to any other person without the prior written consent of SICO

SICO BSC(c) claims compliance with the Global Investment Performance Standards (GIPS®). SICO BSC(c) is a closed joint stock company registered in Bahrain and operates a wholesale banking license from the Central Bank of Bahrain. The company is registered with the Ministry of Industry and Commerce and is listed on the Bahrain Stock Exchange as a closed company. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, write to asset.management@sicobahrain.com, or call 973 17 515000.