

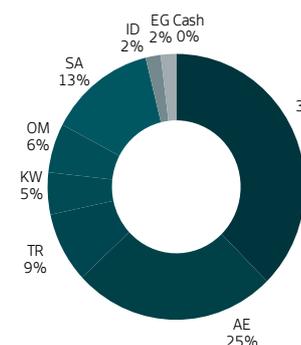
## Managers Commentary

The SICO Fixed Income Fund continued its momentum and rose for a third time this year as treasury rates compressed across the curve and helped to generate a positive return of 0.9% compared to 1.2% by the Barclays GCC Bond Index.

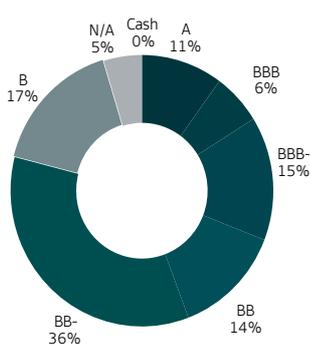
Global Bonds and Sukuks rallied once again after the Federal Reserve surprisingly halted all rate hikes for 2019, citing international headwinds and lower global growth. Treasury rates also collapsed as a result with yield curves inverting as investors pushed 10-year yields below the 1-year but kept 7-year yields above the 2-year. The rate movements have been higher than usual because markets have already adopted an overly defensive approach to risk prior to the FOMC meeting in March. So with the Fed simply alluding to potentially softer economic conditions ahead, the market's reaction has led to a full-blown crystallization of those fears. GCC investors took it as a cue to increase their fixed income allocations with the A rated sovereign such as Saudi Arabia, Abu Dhabi and Kuwait benefiting the most. However, these heavyweights also pulled down yields for the rest of the GCC curve helping both corporates and non-investment grade sovereigns to rally.

The fund therefore rose and performed accordingly well, aided by its diversified strategy holding bonds across the spectrum. Still, most of the benefits were to be found in the longer maturing bonds due to the inverted nature of the yield curve. The fund however was under allocated to this sector as the underlying US economy, especially with regard to labor market data still portrays structural strength and does not warrant an inverted yield curve which is usually a sign of a recession. On the other hand, Bahrain continued to rally and touched new highs on the back of lower rates and limited supply. The same is true for the corporate space although UAE corporates performed the best. A lack of new GCC issues in March also kept markets intact as investors were forced to buy the same bonds and Sukuks. Going forward, we look to gradually increase duration within the fund as interest rates are nearing the end of their cycle, however we plan on doing this in a responsible manner by taking advantage of any pull-backs from the current rally.

### Country Allocation



### Rating Allocation



## Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	4.9	5.6	2/12/24	14.8
DARALA 19	3.2	6.5	5/28/19	9.9
BAHRAIN 2022	4.8	6.1	7/5/22	6.7
BATELCO 20	4.5	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
March 2019	0.9	1.2
YTD March 2019)	3.3	4.6
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	3.3	4.6
Last 6 months	3.8	4.5
Last 1 year	5.2	6.8
Last 3 years	14.1	14.2
Annualized (last 3 years)	4.5	4.5
Since Inception (April 13 — March 19)	24.9	24.6

\*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 (%)	4.6	4.2
Duration (years)	2.5	6.7
Coupon (%)	5.9	4.4
Spread (bps)	223	179

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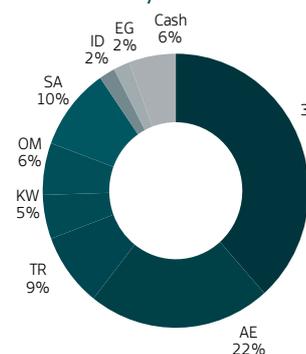
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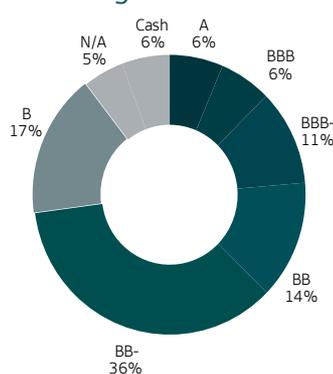
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