

Managers Commentary

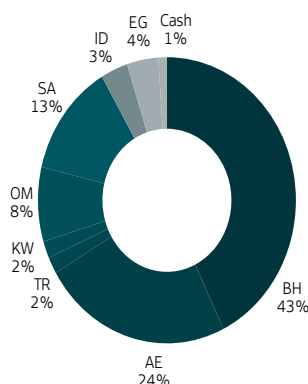
The SICO Fixed Income Fund rounded up another stellar month after it rose by 2.3% during November compared to 2.2% by the Barclays GCC Bond Index.

GCC fixed income assets and emerging markets in general have rallied over the past month, along with broader global risk assets, fueled by the outcome of the US elections and the announcements from Pfizer/BioNTech along with Moderna about the effectiveness of their COVID-19 vaccine in late-stage trials. Oil prices rallied by 27% as a result in November, briefly touching a 6-month high of USD 48 per barrel while 10 year treasuries remained unchanged at 0.85% providing the perfect combination for GCC credit markets to outperform. Oman and Bahrain were the main stars as bonds from both countries jumped by 6.5% and 3.8% respectively while the remainder of the GCC countries ended the month in the 2% range. In addition, the Biden presidency has also been structural positive for emerging markets, given the likely shift in US trade policies to a less confrontational stance, particular with China. Moreover, expectations of higher treasury rates on the back of higher GDP growth, vaccine momentum and positive investor sentiment has further fueled inflows into emerging market assets, benefitting the whole GCC debt market in the process.

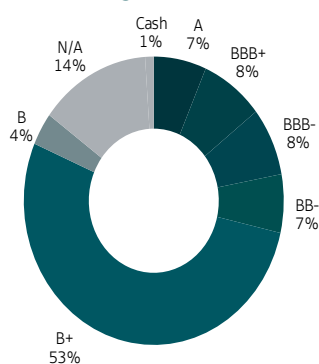
The Fund performed accordingly well, boosted by its overweight positions in Bahrain and Oman but also from its off-benchmark bets in Egypt as the whole region benefitted from ETF market inflows and higher oil prices. Real estate was also high in demand and contributed to the outperformance this month with its sukuk up by 2% on average as it remains the only relatively attractive sector that still offers generous yields amongst record low interest rates. For instance, the fund currently offers an average yield of 4.7% compared to only 2.6% by the Barclays GCC bond index. The fund also took advantage of the debt primary issuances in November, by rotating out of overvalued securities into the new issues and picked up an average of 1.5 dollars in the process. At the same time, the tracking error has been kept at a low of 2.2% over the last 3 months, aided by its low duration and off-the-run positioning. The scarcity of perpetuals have also supported the fund this month, helped by their generous coupons and below average volatility.

Overall, we expect the fund to be a prime beneficiary of a return to 'normal' in 2021. A combination of low interest rates, additional stimulus, the arrival of a vaccine, progressive economic US policies and reasonable EM valuations should bode well for GCC fixed income assets going forward.

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	3.2	5.6	2/12/24	14.7
BOSUH 2024	2.7	4.0	9/18/24	7.9
DARALA 2022	6.2	6.9	4/10/22	7.1
BAHRAIN 2022	3.0	6.1	7/5/22	6.4

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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
November 2020	2.3	2.2
YTD (November 2020)	2.3	7.8
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	2.5	1.8
Last 6 months	8.9	8.3
Last 1 year	3.5	8.7
Last 3 years	15.1	24.7
Annualized (last 3 years)	4.8	7.6
Since Inception (April 13 — Nov 20)	36.5	47.7

*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 (%)	4.7	2.6
Duration (years)	3.3	8.3
Coupon (%)	5.6	4.2
Spread (bps)	443	189

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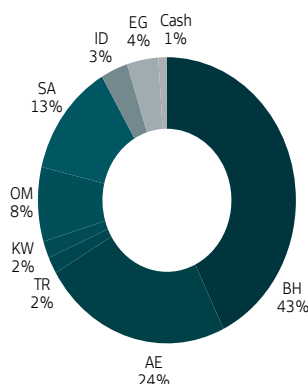
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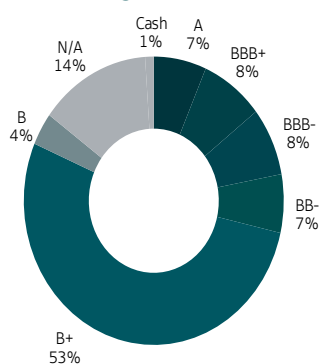
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Dealing Day	Wednesday
Subscription & Redemption Deadline	Two business days before dealing day
Minimum Subscription	\$ 1,000,000.00
Dividends	Semi Annual
Registrar	HSBC Middle East
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