

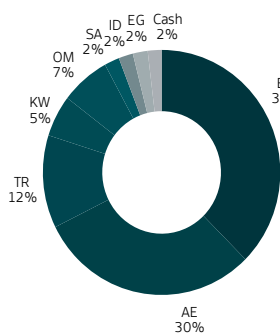
Managers Commentary

The SICO Fixed Income Fund continued its positive performance and rose by 0.6% in September, buoyed by a strong Barclays GCC Bond Index which closed the month 0.7% higher.

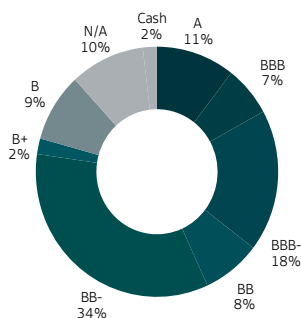
GCC Bonds and Sukuks did very well in September after JP Morgan confirmed that it would include sovereigns and quasi sovereign issuers from UAE, Saudi Arabia, Qatar, Bahrain and Kuwait into its renowned and widely followed EMBI Global Index from 2019 onwards. Overall they are estimated to represent around 11% of the index and attract more investor demand to the region. As a result, GCC bond seemed almost immune as the Fed increased its rates by another 0.25% in September, making it the third rate hike this year. Primary market activity also revived last month after a series of new issues, particularly quasi-sovereign issuers from the UAE and Saudi, adding nearly USD 5 billion of new debt supply. Bahrain, however was the clear outperformer with its bonds up between 2 and 5 dollars after news emerged that the Kingdom would likely receive USD 10bn in assistance over five years as part of a financial support package being negotiated with other GCC states.

The fund performed very strong accordingly, buoyed by its overweight in Bahrain and a recovery in Turkish bonds as the Central Bank unexpectedly increased interest rates to stabilize its currency. The Bahraini bonds in the fund rose between 1 and 2 dollars with a skew towards shorter duration in light of higher interest rates. At the same time, nearly 5% of the fund matured during September which we re-invested into short term securities to solidify returns going forward. Overall, the yield to maturity remains at 5.8% while the general tone of the fund will continue to be short duration. On the other hand, most of the corporates in the fund lagged the rally in September however we expect these to tighten versus their sovereign counterparts by the end of the year. The GCC EMBI inclusion is also expected to support a good bid for GCC bonds in the coming months, especially Bahrain given its relatively low amount Bahrain given the Kingdom's relatively low amount of debt versus its weight in the index

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	5.8	5.6	2/12/24	14.6
BAHRAIN 2022	5.8	6.1	7/5/22	6.7
DEWA 2020	3.6	7.4	10/21/20	6.5
BATELCO 2020	5.6	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
September 2018	0.6	0.7
YTD (September 2018)	1.1	0.3
2017	3.4	4.7
2016	5.6	4.8
2015	1.5	1.7
2014	8.4	6.8
2013 (April till December 2013)	-1.0	-0.4
Last 3 months	1.9	2.6
Last 6 months	1.3	2.1
Last 1 year	0.6	0.4
Last 3 years	10.2	9.1
Annualized (last 3 years)	3.4	3.0
Since Inception (April 13 — September 18)	20.2	19.1

*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 (%)	5.8	4.6
Duration (years)	2.6	6.4
Coupon (%)	5.9	4.4
Spread (bps)	282	158

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 assetmanagement@sicobahrain.com, or call 973 17 515000.

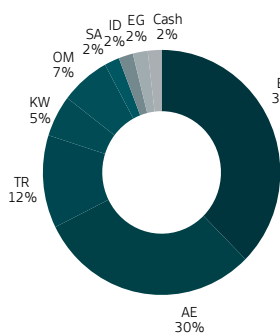
Managers Commentary

The SICO Fixed Income Fund continued its positive performance and rose by 0.6% in September, buoyed by a strong Barclays GCC Bond Index which closed the month 0.7% higher.

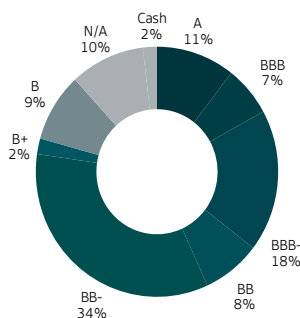
GCC Bonds and Sukuks did very well in September after JP Morgan confirmed that it would include sovereigns and quasi sovereign issuers from UAE, Saudi Arabia, Qatar, Bahrain and Kuwait into its renowned and widely followed EMBI Global Index from 2019 onwards. Overall they are estimated to represent around 11% of the index and attract more investor demand to the region. As a result, GCC bond seemed almost immune as the Fed increased its rates by another 0.25% in September, making it the third rate hike this year. Primary market activity also revived last month after a series of new issues, particularly quasi-sovereign issuers from the UAE and Saudi, adding nearly USD 5 billion of new debt supply. Bahrain, however was the clear outperformer with its bonds up between 2 and 5 dollars after news emerged that the Kingdom would likely receive USD 10bn in assistance over five years as part of a financial support package being negotiated with other GCC states.

The fund performed very strong accordingly, buoyed by its overweight in Bahrain and a recovery in Turkish bonds as the Central Bank unexpectedly increased interest rates to stabilize its currency. The Bahraini bonds in the fund rose between 1 and 2 dollars with a skew towards shorter duration in light of higher interest rates. At the same time, nearly 5% of the fund matured during September which we re-invested into short term securities to solidify returns going forward. Overall, the yield to maturity remains at 5.8% while the general tone of the fund will continue to be short duration. On the other hand, most of the corporates in the fund lagged the rally in September however we expect these to tighten versus their sovereign counterparts by the end of the year. The GCC EMBI inclusion is also expected to support a good bid for GCC bonds in the coming months, especially Bahrain given its relatively low amount Bahrain given the Kingdom's relatively low amount of debt versus its weight in the index

Country Allocation



Rating Allocation



Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	5.8	5.6	2/12/24	14.6
BAHRAIN 2022	5.8	6.1	7/5/22	6.7
DEWA 2020	3.6	7.4	10/21/20	6.5
BATELCO 2020	5.6	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
September 2018	0.6	0.7
YTD (September 2018)	1.3	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	2.0	2.6
Last 6 months	1.5	2.1
Last 1 year	0.9	0.4
Last 3 years	11.5	9.1
Annualized (last 3 years)	3.7	3.0
Since Inception (April 13 — September 18)	22.5	19.1

*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 (%)	5.8	4.6
Duration (years)	2.6	6.4
Coupon (%)	5.9	4.4
Spread (bps)	282	158

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 assetmanagement@sicobahrain.com, or call 973 17 515000.