

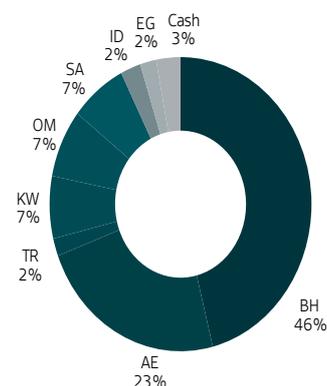
## Managers Commentary

The SICO Fixed Income Fund bounced back in April and rose by 4.0% this month on the back of record global stimulus and as investors began to cope with the Covid-19 crisis.

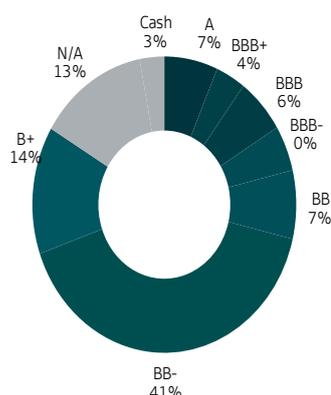
The unprecedented response in both scale and speed from various policy makers helped prevent further cascading of the GCC fixed income market in April, which itself could have led to more negative economic outcomes. Testament has been the strong turnaround in GCC credit, with Abu Dhabi, Qatar and Saudi Arabia each boasting USD 40 billion + order books for new multi tranche debt issued in April and pricing significantly tighter than their initial price guidance. As a result, buyers of emerging market debt have started to emerge, targeting mainly the higher quality names from the region before moving in to higher beta names with the curves flattening to inverting in some cases such as Oman, Bahrain and Egypt. Fundamentals however remain very weak as double digit deficits are expected for most GCC states, especially after oil prices crashed to new lows with Brent trading at sub-\$20, despite a record OPEC+ pact to take out 10 million barrels out of daily supply. The overall tone has therefore been one of caution with investors still happy to pick up regional bonds on the back of attractive valuations as GCC bond prices are still far away from their peaks. Market sentiment is also slowly changing from negative to positive on the belief that the worst is now behind and that events will soon turn back to normal with lockdowns expected to ease in the coming weeks. More so is the belief that the total reserves and financial capacity from the GCC will be resilient enough to get the region through its worst.

The Fund has therefore done very well as it was adequately positioned in the right sectors leading the outperformance. Our overweight in Bahrain for instance, attributed the most to performance this month as the Kingdom was the best performing GCC credit market in April, up 7%. Other names from Oman also performed strongly, albeit a small allocation while short duration papers added to the consistency of the fund. Overall, the fund's composition is mainly oil and technically driven and therefore its performance is largely correlated to the expectations of crude prices and an easing of containment measures. While fundamentals remain weak, we are however well positioned to reap extra benefits going forward with a moderate allocation in corporates that are yet to show a sizeable recovery in asset prices. These are mainly short term papers with adequate cash balances to meet their near-term debt obligations but have had their bond prices adversely affected by the market volatility. We also have the liberty to take advantage of market sentiment with maturities lined up in May, June and July that we can either deploy into short or long term paper depending on market direction at the time. Overall, the general tone seems to be improving, and we expect further recovery in the fund as ETFs start to chase the GCC region amongst record stimulus and a lack of local offer side liquidity.

## Country Allocation



## Rating Allocation



## Top Holdings

Name	Yield	Coupon	Maturity	(%)
BAHRAIN 2024	6.2	5.6	2/12/24	14.9
DARALA 2022	10.4	6.9	4/10/22	7.4
BATELCO 2020	4.3	4.3	5/1/20	6.9
BAHRAIN 2022	5.8	6.1	7/5/22	6.9

## 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
April 2020	4.0	3.9
YTD (April 2020)	-8.7	-3.7
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	-9.6	-5.1
Last 6 months	-6.3	-1.0
Last 1 year	-3.0	4.7
Last 3 years	2.1	11.7
Annualized (last 3 years)	0.7	3.8
Since Inception (April 13 — April 20)	21.7	31.8

\*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 (%)	6.8	4.0
Duration (years)	2.9	7.4
Coupon (%)	6.2	4.2
Spread (bps)	634	341

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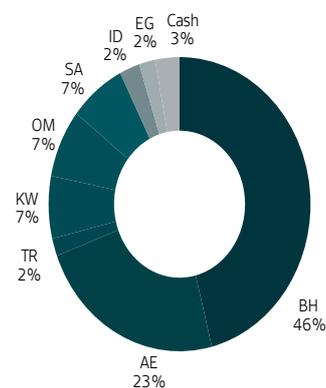
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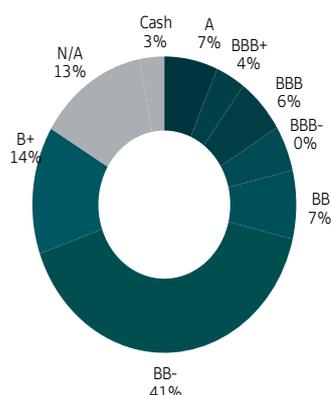
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\*Barclays GCC Bond Index

## 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
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