

Manager's Commentary

The Bahrain All Share index appreciated by 0.7% for the month and remained isolated from the increased volatility of the larger GCC markets. Investor activity declined significantly as compared to the preceding month with a handful of companies trading during the month.

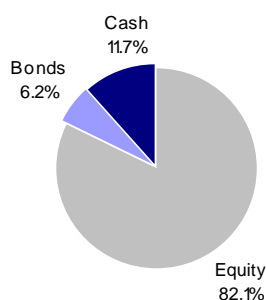
The SICO Selected Securities Fund increased by 0.5% for the month on account of an increase in selected blue chip companies. Our largest holding, Ahli United Bank appreciated by 7.0% as buying interest was witnessed towards the end of the month. The other big caps such as Batelco (-3.0%), GFH (-9.7%) and Ithmaar Bank (-7.9%) failed to attract buying interest and slid on negligible volumes. The star performer in the local bourse was United Gulf Bank that appreciated by 24.4% after announcing to sell its shareholding in Kuwait's Wataniya Telecom as well as its stakes in Wataniya's Iraqi and Algerian operation resulting in UGB booking profits of US\$96m.

In terms of allocation moves, we realized profits in few selected holdings that helped increase its cash allocation to 11.7%. We are in the process of analyzing various bond issues / fixed income investments in Bahrain which we plan to invest in over the next couple of months. This would in turn provide our investors with an added means of diversification.

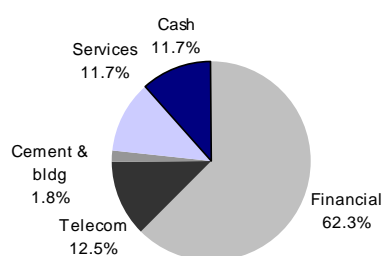
Fund Statistics

Price Earnings Multiple 2006 (x)	10.9
Dividend Yield 2006 (%)	5.0
Number of Holdings	18
Annualized Return (%)	10.1
Largest Monthly Gain (%)	6.9
Largest Monthly Loss (%)	-5.3
% of Positive Months	64.2
Annualized Standard Deviation (%)	9.0
Sharpe Ratio	0.57
Maximum Drawdown (%)	-10.4

Asset Allocation



Sector Allocation



* For further information contact Marketing at: marketing@sicobahrain.com

Securities & Investment Company BSC (c)
P.O. Box 1331, Manama, Kingdom of Bahrain
Tel: +973 1751 5000 Fax: +973 1751 4000
CR No: 33469
www.sico-bahrain.com

شركة الأوراق المالية والاستثمار ش.م.ب (م)
ص.ب: 1331، المنامة، مملكة البحرين
هاتف: +973 1751 5000 فاكس: +973 1751 4000
سجل تجاري رقم 33469

Investment Objective

SICO Selected Securities Fund invests principally in equity and debt securities listed or expected to be listed on the Bahrain Stock Exchange (BSE).

Returns	Fund (%)	Bahrain Index (%)
March 2007	0.5	0.7
Year to Date 2007	-1.3	-2.6
Last 3 months	-1.3	-2.6
Last 6 months	-2.2	-3.3
Last 12 month	-0.3	2.0
2006	-0.5	1.0
2005	16.8	23.8
2004	35.5	32.7
2003	28.8	28.5
2002	12.3	3.4
2001	11.8	-2.5
Since Inception	134.3	71.1

Fund Inception was in May 1998

Top Holdings

Name	Sector	(%)
Ahli United Bank	Financial	20.1
Batelco	Telecom	12.5
Gulf Finance House	Financial	10.0

Fund Information

Launch Date	May 27, 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Two Business days before month end
Redemption Deadline	Ten Business days before month end
Minimum Subscription	1,000 units
Reuters Code	<SSSF>
Fund Listing	Bahrain Stock Exchange
Custodian	Gulf Clearing Company

Management Team

Shakeel Sarwar
Naveed Ahmed, CFA
Serkan Altay
Faisal Jiwani
Khair Fakhro
Hasan Haider