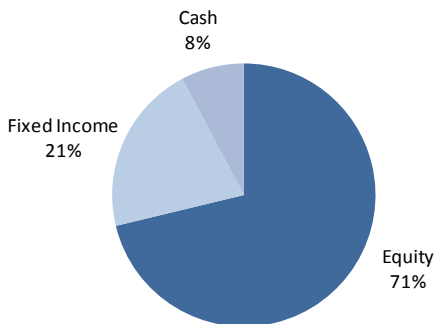
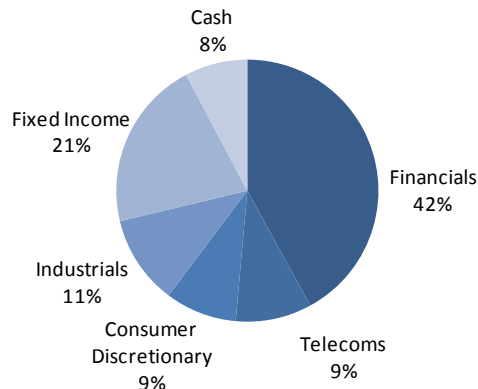


Manager's Commentary

During August, global markets experienced sharp declines due to the European debt crisis and S&P's downgrade of U.S debt rating from AAA to AA+. These factors caused both international and regional markets to experience abnormal levels of volatility. Saudi was the worst performing GCC market losing 6.5% followed by Kuwait and Dubai that lost 3.2% and 1.7%, respectively. Oman, Qatar and Abu Dhabi ended the month with marginal declines.

The Bahraini market extended its negative streak for the seventh consecutive month and lost 2.6%. During the month most of the trading was concentrated in the Investment sector which captured approximately half of the total value traded. Gulf Finance House (-31.4%), United Gulf Bank (-12.3%) and Khaleeji Commercial Bank (-8.9%) were amongst the top losers. However, the index was also affected by the drop in the share prices of the heavyweights, AUB and Batelco that lost around 5% each.

SICO Selected Securities Fund was down 0.6% for the month compared to a decline of 2.6% in the benchmark. On a year to date basis, the fund has declined by 3.4% compared to a 12.1% drop in the benchmark. The main reason for this outperformance in August and for the year is a combination of superior stock picking and good asset allocation. Going forward, we are cautious and expect market volatility to remain high. We do not anticipate any short term positive trigger and therefore we have defensively positioned our portfolio focusing on high dividend yielding stocks.

Asset Allocation**Sector Allocation****Key Statistics**

	Fund	Index
Price Earnings Multiple TTM (x)	9.4	12.0
Price to Book Multiple Latest (%)	1.3	1.1
Return on Equity TTM (%)	14.4	8.8
Dividend Yield - 2010 (%)	6.9	5.3
Number of Holdings	16	37
Annualized Return (%)	5.6	0.0
Largest Monthly Gain (%)	10.7 (May 07)	11.8 (July 98)
Largest Monthly Loss (%)	-12.3 (Oct 08)	-12.2 (Nov 08)
% of Positive Months	59.1	54.7
Maximum Drawdown- Peak to Trough (%)	43.8	56.3
Length of Drawdown (months)	7	43
Recovery from recent trough (%)	5.4	N/A

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سجل تجاري رقم ٣٣٤٦٩

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 (%)	Index (%)
Aug 2011	-0.6	-2.6
YTD 2011 (Jan - Aug)	-3.4	-12.1
2010	4.8	-1.8
2009	-9.9	-19.2
2008	-28.4	-34.5
2007	31.7	24.2
2006	-0.3	1.0
2005	16.9	23.8
2004	35.7	32.7
2003	29.0	28.5
2002	12.4	3.4
2001	11.8	-2.5
2000	-7.0	-18.4
1999	6.0	1.1
1998 (May - Dec)	-5.4	-1.0
Last 1 year	-1.7	-11.3
Last 3 years	-39.9	-53.2
Last 5 years	-13.2	-42.7
Last 10 years	98.1	20.2
Since Inception (May 98 - Aug 11)	105.6	-0.3

Fund Information

Launch Date	May 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Reuters Code	<SSSF>
Fund ISIN Code	BH000A1CZ8U1
Custodian / Administrator	HSBC, Bahrain

Top Holdings

Name	Sector	(%)
Ahli United Bank	Financial	9.7
Batelco	Telecom	9.4
NBB	Financial	7.7

Risk Statistics

Annualised Standard Deviation (%)	14.7
Sharpe Ratio	0.1
Tracking Error (%)	7.7
Information Ratio	0.7
Alpha (%)	4.1
Beta	0.7