

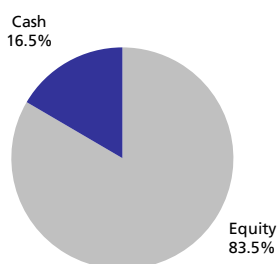
Manager's Commentary

The year ended on a weak note for the GCC markets as the MSCI GCC index lost 7.6% in December. Bahrain also followed suit with the benchmark losing 7.4%. Financial related companies, which account for about three quarters weight in the benchmark, continued to weigh on the overall market as their stock prices tumbled in anticipation of a significant deterioration in their growth prospects. Stocks such as Gulf Finance House and Ithmaar witnessed huge selling pressure and fell 42% and 22%, respectively. The index heavyweight, Ahli United Bank dropped by 18% albeit on low volumes.

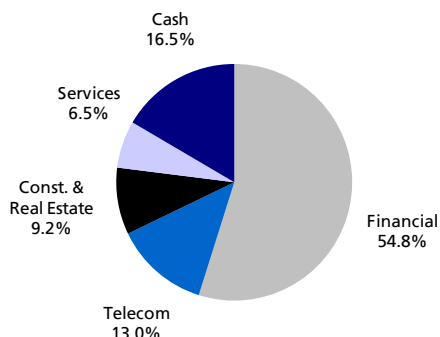
Bahrain was no exception to the carnage witnessed in both global and regional equity bourses this year, as its benchmark lost 34.5% - the worst performance in its history. However, on a relative basis, Bahrain performed better than most of the other GCC markets that declined in the range of 38-70%. Qatar (-28%) was the only market that performed better than Bahrain owing to a sharp recovery during December when the index appreciated by 13.4%

The NAV of SICO Selected Securities Fund contracted by 7.7% for the month and extended its loss for the year to 28.4%. Given the sharp correction in the local bourse, we believe that most of the negatives have been priced into the current levels and provides long term investors with an ideal entry point. Nevertheless, greater visibility regarding the depth and duration of the global recession, stability in oil prices and clarity on the real estate front are critical for providing the impetus for a sustained market recovery. In addition, the upcoming earnings season will test the strength of business models of key companies and provide direction for our investment strategy.

Asset Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	6.7
Dividend Yield 2007 (%)	6.0
Number of Holdings	18
Annualized Return (%)	7.9
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	63.8
Maximum Drawdown- Peak to Trough (%)	36.1
Length of Drawdown (months)	5
Time to Recovery (months)	na

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 (%)
December 2008	-7.7	-7.4
2008 (Jan - Dec)	-28.4	-34.5
Last 3 months	-26.4	-26.7
Last 6 months	-35.8	-36.9
Last 12 months	-28.4	-34.5
2007	31.4	24.2
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	123.4	42.9

Fund Inception was in May 1998

Fund Information

Launch Date	May 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 / Administrator	HSBC Securities

Top Holdings

Name	Sector	(%)
Batelco	Telecom	11.6
Ahli United Bank	Financial	9.4
BCFC	Financial	9.2

Risk Statistics

Annualised Standard Deviation (%)	11.8
Sharpe Ratio	0.25
Information Ratio	0.54
Beta	0.67
Alpha (%)	3.9

For further information please contact:
assetmanagement@sicobahrain.com