

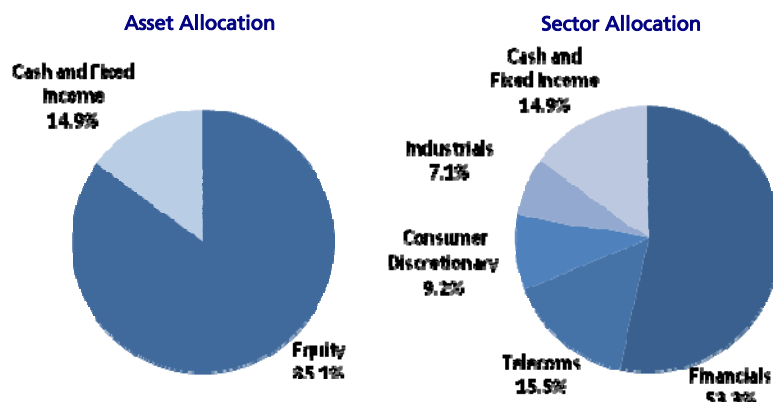
Manager's Commentary

The regional markets were highly volatile in the early part of December as investors reacted in panic to Dubai's debt crisis. However, investors found solace in Abu Dhabi's \$10bn bailout as it averted a potential default and this helped the GCC bourses to limit their losses. For the month, Dubai lost 7%, Saudi and Qatar lost 3-4%, Oman was flat, and Kuwait gained 1%. For the year, most of the markets ended on a positive note; Saudi (+28%), Oman (+17%), Abu Dhabi (+14%) and Qatar (+1%). Bahrain and Kuwait lost 19% and 10%, respectively.

During December, the Bahrain All Share Index was up 1.4% as certain stocks attracted buying interest. However, 2009 was a disappointing year for the market as it declined by 19.2% and was the worst performing bourse in the region.

The SICO Selected Securities Fund NAV increased by 2.4% for the month, and narrowed the losses for the year to 9.9%. Al Baraka (+76.5%) was the key contributor to the fund's positive performance followed by Ithmaar (+37.1%). Also the fund benefited from not having any exposure in GFH (-24.3%) which was the top decliner for the month.

During 2009, the fund significantly outperformed the benchmark mainly due to our asset allocation strategy in selecting the good stocks and avoiding certain high beta stocks. We continue to see value in selected companies in Bahrain, and we believe that the corporate results and annual dividend season will be the key catalyst to set the trend for the market over the next few months.



Fund Statistics

Price Earnings Multiple TTM (x)	9.1
Dividend Yield 2008 (%)	3.8
Price to Book Multiple Latest (%)	1.0
Number of Holdings	17
Annualized Return (%)	6.3
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	61.9
Maximum Drawdown- Peak to Trough (%)	43.8
Length of Drawdown (months)	7
Time to Recovery (months)	Na

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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 (%)
Dec 2009	2.4	1.4
YTD 2009 (Jan – Dec)	-9.9	-19.2
Last 3 months	-2.3	-6.2
Last 6 months	0.0	-7.8
Last 1 year	-9.9	-19.2
Last 3 years	-15.0	-34.2
Last 5 years	-0.9	-17.8
Last 10 years	102.6	15.4
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
Since Inception (May 98 – Dec 09)	103.2	15.5

Fund Information

Launch Date	May 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Two Business days
Redemption Deadline	Ten Business days
Minimum Subscription	1,000 units
Reuters Code	<SSSF>
Fund Listing	Bahrain Stock Exchange
Custodian / Administrator	HSBC Securities

Top Holdings

Name	Sector	(%)
Batelco	Telecom	15.5
Ahli United Bank	Financial	8.3
Nass Corp.	Industrials	7.1

Risk Statistics

Annualised Standard Deviation (%)	12.1
Sharpe Ratio	0.1
Information Ratio	0.6
Beta	0.7
Alpha (%)	3.9