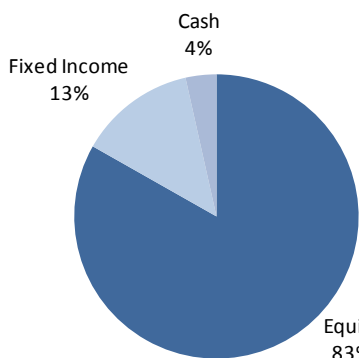
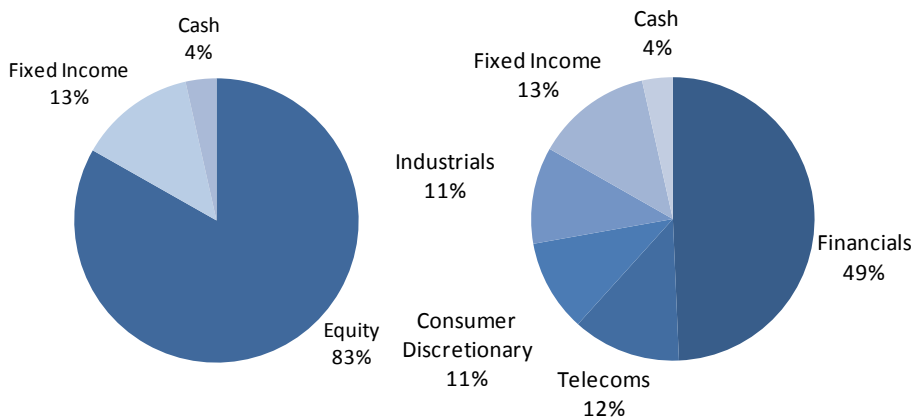


Manager's Commentary

During the month of December, Qatar stole the limelight for the second consecutive month and increased by 6.6%, as the country won the bid to host the 2022 FIFA World Cup. Saudi, Kuwait and Oman also ended the month on a positive note gaining 4.8%, 3.8% and 2.5%, respectively. On the other hand Abu Dhabi and Dubai ended the month in red losing 0.4% and 2.3%, respectively. Year to date, Kuwait topped the gainers with an increase of 25.5% (Kuwait market cap Index) followed by Qatar which gained 24.8%. Saudi was up 8.2% and Oman increased by 6.1%. Dubai was down 9.6% while Abu Dhabi declined marginally.

Bahrain All Share Index ended the month with a marginal decline. The total traded value increased by 56.1% on a month on month basis, while the turnover increased by 17.5%. Most of the trades concentrated in the commercial banking sector which captured 47% of the total value traded. During the month, less liquid stocks such as Gulf Hotels, BCFC and BNH topped the gainers and increased by 21.4%, 8.9% and 4.6, respectively.

SICO Selected Securities Fund was flat for the month as compared to a decline of 0.4% in the benchmark, the fund benefited from its high exposure to BCFC. In addition, the fund outperformed the benchmark in 2010 and increased by 4.8%, while the benchmark lost 1.8%. This is primarily due to our superior stock selection and conservative asset allocation. The upcoming earnings and dividends season will be the key catalyst to set the market trend and we have positioned your fund accordingly.

Asset Allocation**Sector Allocation****Fund Statistics**

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple TTM (x) | 10.4 |
| Dividend Yield 2009 (%) | 5.3 |
| Price to Book Multiple Latest (%) | 1.4 |
| Number of Holdings | 19 |
| Annualized Return (%) | 6.2 |
| Largest Monthly Gain (%) | 10.7 (May 07) |
| Largest Monthly Loss (%) | -12.3 (Oct 08) |
| % of Positive Months | 61.6 |
| Maximum Drawdown- Peak to Trough (%) | 43.8 |
| Length of Drawdown (months) | 7 |
| Recovery from recent trough (%) | 9.2 |

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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 2010 | 0.0 | -0.4 |
| 2010 (Jan – Dec) | 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 3 months | 0.6 | -0.9 |
| Last 6 months | 3.5 | 2.6 |
| Last 1 year | 4.8 | -1.8 |
| Last 3 years | -32.4 | -48.0 |
| Last 5 years | -11.2 | -34.8 |
| Last 10 years | 128.3 | 38.8 |
| Since Inception (May 98 – Dec 10) | 112.8 | 13.4 |

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 ISIN Code | BH000A1CZ8U1 |

Top Holdings

| Name | Sector | (%) |
|------------------|-----------|------|
| Batelco | Telecom | 12.4 |
| Ahli United Bank | Financial | 10.8 |
| BCFC | Financial | 7.8 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualised Standard Deviation (%) | 11.9 |
| Sharpe Ratio | 0.1 |
| Information Ratio | 0.7 |
| Beta | 0.7 |
| Alpha (%) | 4.0 |