

Manager's Commentary

Declines in the regional markets accelerated during February, as political turmoil in the MENA region entered a new phase. Initially, regional markets calmed when Egypt's President stepped down and military promised political reforms. However, as the unrest started spreading into Libya, Bahrain and Oman, heightened risk aversion caused panic selling. Oman, Dubai and Qatar were down in the range of 8-10%. Saudi was down 6.6% while Kuwait as measured by its market cap weighted index, fell 5.8%. Abu Dhabi was flat for the month.

The Bahrain index declined by 1.2% for the month eroding last month gains, as the ongoing demonstrations in Bahrain resulted in investors remaining on the sidelines. As a result, value and volume of shares traded declined significantly with a handful of stocks trading. On a year to date basis, the Bahrain index is down 0.1% and surprisingly is the best performing market in the GCC region.

The NAV of SICO Selected Securities Fund was flat for the month as compared to a 1.2% decline in Bahrain All Share Index. On a year to date basis, the fund is down 0.6% while the index is down 0.1%. During the month, the fund benefited from the rise in the share prices of ARIG (+17%), NBB (+10.9%) and Bahrain Duty Free (+9%). At the same time the fund also benefited from not having any exposure to Inovest and Salam Bank which were amongst the worst performing stocks and were down 40% and 20%, respectively.

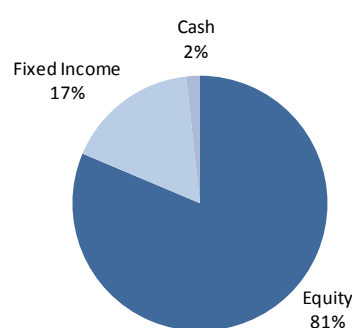
Given the high volatility we have witnessed thus far in March, we remain cautious on the regional markets in the short term as political developments in the region would continue to dictate market movements.

Investment Objective

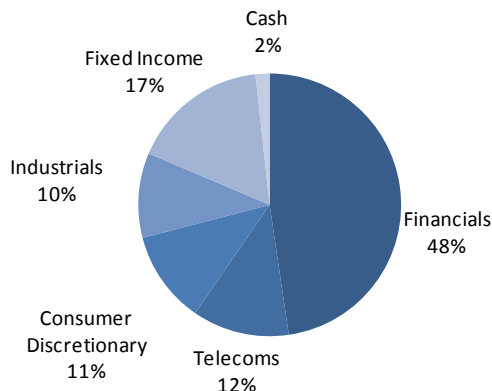
SICO Selected Securities Fund invests principally in equity and debt securities listed or expected to be listed on the Bahrain Stock Exchange (BSE).

Returns	Fund (%)	Index (%)
Feb 2011	0.0	-1.2
YTD 2011 (Jan - Feb)	-0.6	-0.1
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	-0.6	-5.8
Last 3 years	-39.8	-50.3
Last 5 years	-13.5	-36.8
Last 10 years	128.8	56.2
Since Inception (May 98 - Feb 11)	111.6	13.3

Asset Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple TTM (x)	9.4
Dividend Yield 2009 (%)	6.3
Price to Book Multiple Latest (%)	1.4
Number of Holdings	18
Annualized Return (%)	6.1
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	60.8
Maximum Drawdown- Peak to Trough (%)	43.8
Length of Drawdown (months)	7
Recovery from recent trough (%)	8.5

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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 Securities

Top Holdings

Name	Sector	(%)
Batelco	Telecom	11.9
Ahli United Bank	Financial	11.1
NBB	Financial	8.4

Risk Statistics

Annualised Standard Deviation (%)	11.8
Tracking Error (%)	7.8
Sharpe Ratio	0.1
Information Ratio	0.7
Beta	0.7
Alpha (%)	3.9