

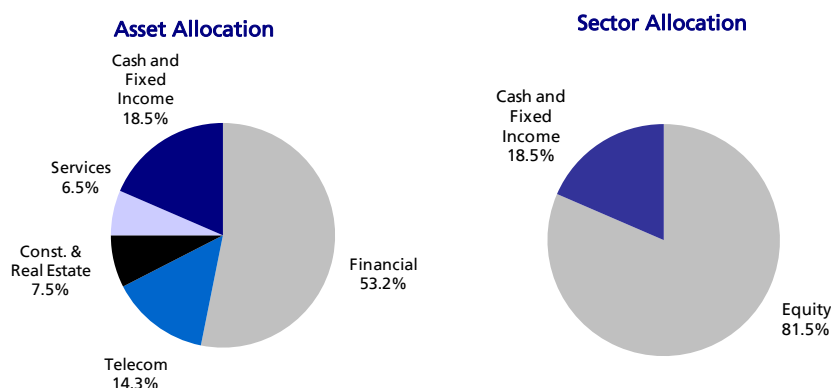
### Manager's Commentary

The Gulf bourses started the year on a sceptical note with all the GCC markets except Saudi Arabia posting negative returns. The declines were exceptionally steep in some of the markets such as Qatar, Kuwait and Oman that lost 23.7%, 13.1% and 11.5%, respectively. Bahrain also continued to face selling pressure across the board and declined by 8.3% for the month.

There has been a marked slowdown in earnings growth for the Bahraini companies that have thus far released their numbers. The financial sector companies have been adversely impacted by huge investment losses and investment related provisions. Resultantly, stock prices of the banks, both commercial and investment, declined sharply - Ahli United Bank (-29%), Ithmaar Bank (-27%) and Gulf Finance House (-13%). In addition, Nass Contracting fell 28% after announcing the cancellation of its major project, the Salam Resort Project.

The NAV of SICO Selected Securities Fund declined by 8.9% as compared to 8.3% decline in the benchmark. The fund is still in the process of restructuring which started during the fourth quarter of 2008 and has been contingent on market liquidity. With the ex-dividend period just around the corner, we believe the market would show some support and attract buying interest in companies offering high dividend yields.

We would like to mention that Standard & Poor's has awarded SICO Selected Securities Fund the "A" rating. According to S&P, the funds' rating reflects the high standards of quality based on our investment process, risk awareness and consistency of performance.



### Fund Statistics

Price Earnings Multiple 2008 (x)	6.3
Dividend Yield 2007 (%)	6.7
Number of Holdings	18
Annualized Return (%)	7.0
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	63.3
Maximum Drawdown- Peak to Trough (%)	41.8
Length of Drawdown (months)	6
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 (%)	Index (%)
January 2009	-8.9	-8.3
YTD 2009	-8.9	-8.3
Last 3 months	-23.6	-25.5
Last 6 months	-41.0	-40.3
Last 12 months	-35.7	-40.9
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
Since Inception (May 98 - Jan 09)	105.5	31.1

### 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	12.9
BCFC	Financial	9.3
Ahli United Bank	Financial	7.4

### Risk Statistics

Annualised Standard Deviation (%)	12.1
Sharpe Ratio	0.16
Information Ratio	0.54
Beta	0.69
Alpha (%)	3.7

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