

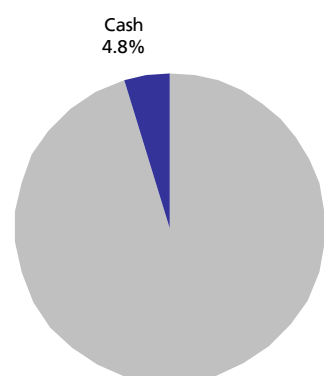
Manager's Commentary

Amongst weak summer trading volumes and investor apathy the Bahraini bourse fell by 2.2% for the month of July. Along with the regional markets, Bahrain also succumbed to the prevalent negative investor sentiment, with the GCC markets, as measured by the MSCI GCC Index, down 4.8% for the month. However, the Bahraini bourse remains in positive territory for the year, up 1.5%.

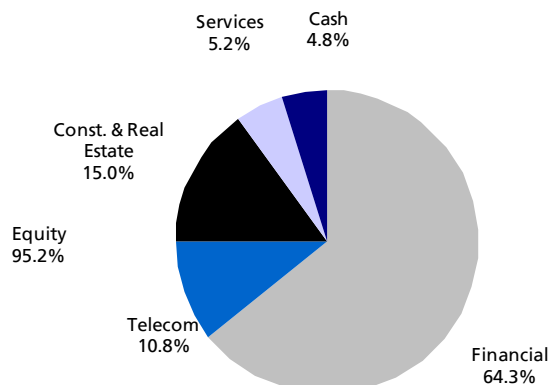
Compared to negative performance of the benchmark, the NAV of SICO Selected Securities Fund increased by 0.6% in July, and is up 12.1% for the year. The continued run-up in Al Khaleej Development (+13.6%) and Nass Corporation (+11.6%) contributed to the fund's positive performance. Al Khaleej Development received shareholder approval to change its name to "Innovest" and convert to an investment holding company with diversified regional investments from a pure real estate entity. This move greatly attracted investor interest, along with the 51% EPS growth witnessed for the first half of 2008. The fund's performance was limited by declines in our top holdings Batelco (-7.3%) and Gulf Finance House (-3.9%).

With the second quarter earnings announcements, the market has confirmed our view of strong, sustainable growth for Bahraini listed companies. With earnings growth of 20-30% in majority of the companies that have announced their earnings, the Bahraini market continues to trade at very attractive forward valuations.

Asset Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple 2008 (x) | 9.4 |
| Dividend Yield 2007 (%) | 4.0 |
| Number of Holdings | 18 |
| Annualized Return (%) | 13.2 |
| Largest Monthly Gain (%) | 10.7 (May 07) |
| Largest Monthly Loss (%) | -5.3 (Sept 01) |
| % of Positive Months | 66.4 |
| Maximum Drawdown- Peak to Trough (%) | 10.4 |
| Length of Drawdown (months) | 15 |
| Time to Recovery (months) | 10 |

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 (%) |
|-------------------------|----------|-------------------|
| July 2008 | 0.6 | -2.2 |
| YTD 2008 (Jan – Jul 08) | 12.1 | 1.5 |
| Last 3 months | 4.5 | -1.6 |
| Last 6 months | 10.4 | -0.2 |
| Last 12 months | 24.9 | 8.8 |
| 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 | 249.7 | 121.4 |

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 | Gulf Clearing Company |

Top Holdings

| Name | Sector | (%) |
|--------------------|-----------|------|
| Gulf Finance House | Financial | 13.6 |
| Ahli United Bank | Financial | 11.8 |
| Batelco | Telecom | 10.8 |

Risk Statistics

| | |
|-------------------------------|------|
| Annualised Standard Deviation | 9.8 |
| Sharpe Ratio | 0.83 |
| Information Ratio | 0.60 |
| Beta | 0.58 |
| Alpha (%) | 6.3 |

For further information please contact:
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