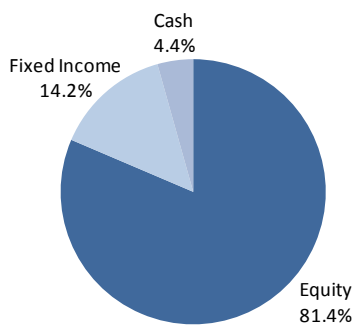
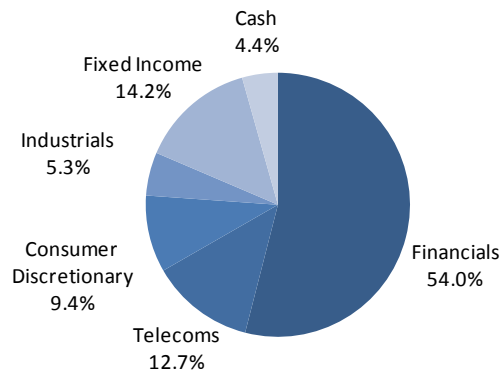


**Manager's Commentary**

After witnessing a roller coaster ride during the past two months, the GCC markets took a breather during the month of July and witnessed a slight rebound. Kuwait led the race after adding 5.5% to its index thus making it the best performer so far this year. Adjustments were evident in Oman and Dubai with their markets climbing 3.9% and 3.5%, respectively. Saudi, Qatar and Abu Dhabi followed suit with their indices registering minor increments between 1% and 3%. Bahrain was the only market excluded from the current turnaround and lost 0.2%. The GCC markets activity continued to remain subdued on the back of low investor participation amidst the summer.

The Bahraini market appears to be under a strong bear grip as it continued to witness losses for the third consecutive month to close at 1393 points. Though the second half of July showed some recovery, the move was modest with extremely low volumes. With second quarter results being slightly below expectations and regional markets subdued, we have not seen any positive catalyst for the market. Heavyweight bank, Arab Banking Corporation (ABC) topped the decliners after slumping by nearly 19%. The decline in Batelco did not help the situation either after its share price shed 8.9% following weak 1H results and the distribution of dividends. The top gainers for the month were Inovent and Bahrain National Holding as they each increased by 21.7% and 17.2%, respectively.

The NAV of SICO Selected Securities Fund increased by 0.6% and outperformed the benchmark which declined by 0.2%. The fund benefited from its relatively lower allocation to ABC and conservative stock selection. The fund is up 1.8% year to date as compared to a 4.4% drop in the benchmark.

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

Price Earnings Multiple TTM (x)	11.2
Dividend Yield 2009 (%)	4.3
Price to Book Multiple Latest (%)	1.1
Number of Holdings	18
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 (%)
July 2010	0.6	-0.2
YTD 2010 (Jan – July)	1.8	-4.4
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
Since Inception (May 98 – July 10)	106.8	10.4
Last 3 months	-8.6	-12.4
Last 6 months	1.8	-5.7
Last 1 year	6.1	-7.2
Last 3 years	-26.8	-45.8
Last 5 years	-13.9	-33.1
Last 10 years	117.8	28.1

**Fund Information**

Launch Date	May 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Monthly
Subscription Deadline	Two Business days
Redemption Deadline	Ten Business days
Minimum Subscription	1,000 units
Reuters Code	<SSSF>
Fund ISIN Code	BH000A1CZ8U1

**Top Holdings**

Name	Sector	(%)
Ahli United Bank	Financial	14.8
Batelco	Telecom	12.7
BCFC	Financial	7.5

**Risk Statistics**

Annualised Standard Deviation (%)	12.1
Sharpe Ratio	0.1
Information Ratio	0.7
Beta	0.7
Alpha (%)	4.1