

صندوق سيكو للأوراق المالية المختارة
SICO Selected Securities Fund

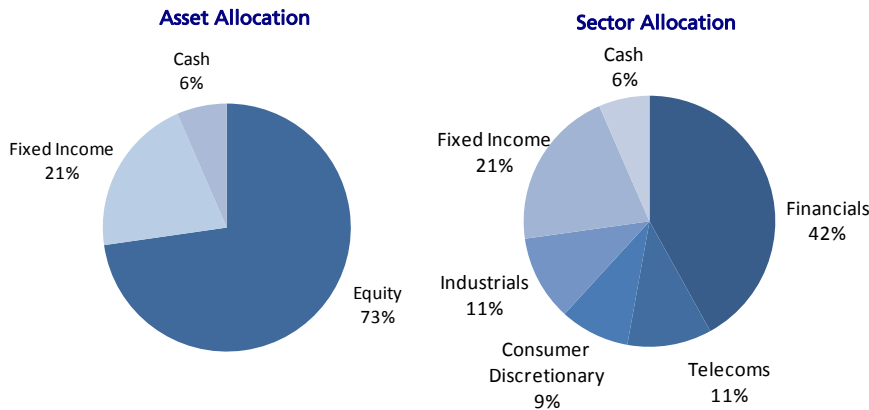
Manager's Commentary

The downward trend of the regional markets continued in July as most markets fell on low volumes. Kuwait was the worst performing market (-4.2%), followed by Abu Dhabi (-3.1%). Saudi Arabia and Oman fell around 2-3%, while Dubai ended flat. Qatar was the only market to appreciate, up 0.5% for the month. Trading volumes shrank as international developments such as the US debt ceiling and European Debt Crisis were at the forefront.

Bahrain also succumbed to the weak investor sentiment and declined by 2.1% for the month, extending its negative run for six straight months. Buying interest was minimal as sellers continued to pressurize the market. GFH (-43%), UGB (-19%) and Esterad (-9%) were amongst the worst performing stocks as investors continued to liquidate their positions. On the other hand, some highly illiquid stocks appreciated in value.

The fund ended the month with a marginal decline of 0.6% compared to 2.1% drop in its benchmark. The fund primarily benefited from not having any exposure to the top losers. Note that the fund is down 2.8% for the year versus 9.8% decline in the market. The fund has outperformed the market mainly by avoiding exposure to the investment banking stocks which plunged significantly this year.

The regional markets have declined during the last three months on uncertainty surrounding the global economic recovery. We expect this trend to continue in the short term as the dull summer season continues. However, in the medium to long term, prospects look promising given that the second quarter earnings from some Bahraini companies have shown significant improvement.



Key Statistics

	Fund	Index
Price Earnings Multiple TTM (x)	9.1	11.3
Price to Book Multiple Latest (%)	1.3	1.1
Return on Equity TTM (%)	14.4	9.4
Dividend Yield 2010 (%)	6.6	4.6
Number of Holdings	16	37
Annualized Return (%)	5.7	0.2
Largest Monthly Gain (%)	10.7 (May 07)	11.8 (July 98)
Largest Monthly Loss (%)	-12.3 (Oct 08)	-12.2 (Nov 08)
% of Positive Months	59.5	55.1
Maximum Drawdown- Peak to Trough (%)	43.8	55.2
Length of Drawdown (months)	7	42
Recovery from recent trough (%)	6.1	N/A

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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 2011	-0.6	-2.1
YTD 2011 (Jan – July)	-2.8	-9.8
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	0.0	-7.3
Last 3 years	-41.4	-53.8
Last 5 years	-7.5	-37.2
Last 10 years	111.7	34.2
Since Inception (May 98 – July 11)	106.8	2.3

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, Bahrain

Top Holdings

Name	Sector	(%)
Batelco	Telecom	10.9
Ahli United Bank	Financial	10.1
NBB	Financial	7.8

Risk Statistics

Annualised Standard Deviation (%)	14.8
Sharpe Ratio	0.1
Tracking Error (%)	7.7
Information Ratio	0.7
Alpha (%)	4.1
Beta	0.7