

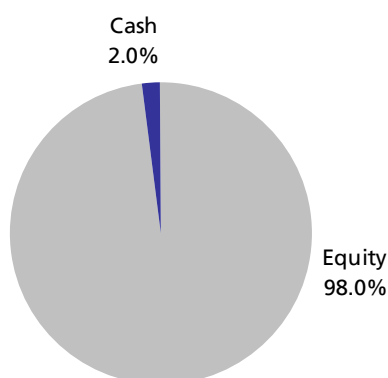
### Manager's Commentary

Amidst a sea of global uncertainty, the regional equity markets experienced volatility in June. The Bahraini market was also swept by the weak investor sentiment and ended the month in negative territory, down 0.5%. However relative to its larger GCC counterparts, Dubai (-4.1%), Saudi Arabia (-1.9%), Bahrain's performance was significantly better. The market is up 3.9% this year and has fared well vis-à-vis the GCC markets in general, with the MSCI GCC Index down 9.4% for the year.

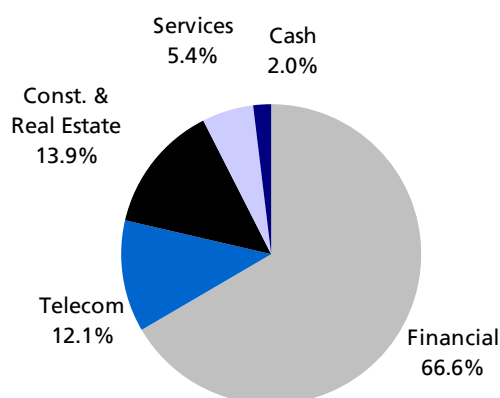
The SICO Selected Securities Funds NAV increased by 1.4% for the month, and is up 11.5% year to date. The fund continues to outperform the market, with solid returns from your holdings in Al Khaleej Development (+17.0%), Ithmaar Bank (+7.1%) and Nass Corporation (+7.5%). Even with the recent run-up in the price, Nass continues to trade at attractive valuations – P/E of 8.4x and dividend yield of over 5.3%. Al Khaleej Development is similarly attractively valued, also trading at a P/E of 9.4x 2008 and dividend yield of 4.3%.

Equities in the Bahraini market continue to trade at compelling valuations, with strong fundamental earnings growth. We believe that with the onset of the second quarter earnings announcements, there will be greater positive announcements to propel the market forward. The fund is well positioned to capitalize on this expected upsurge.

### Asset Allocation



### Sector Allocation



### Fund Statistics

Price Earnings Multiple 2008 (x)	10.3
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	65.5
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 (%)
June 2008	1.4	-0.5
YTD 2008 (Jan – Jun 08)	11.5	3.8
Last 3 months	4.1	2.5
Last 6 months	11.5	3.8
Last 12 months	30.4	18.7
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	247.7	126.4

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	14.5
Ahli United Bank	Financial	12.1
Batelco	Telecom	12.1

### Risk Statistics

Annualised Standard Deviation	9.8
Sharpe Ratio	0.83
Information Ratio	0.57
Beta	0.58
Alpha (%)	6.2

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