

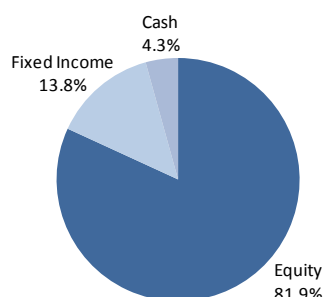
### Manager's Commentary

After a short respite during the first half of the month, the negative sentiment in the international capital markets spread to MENA and resulted in regional markets ending the month on a negative note. The trigger for the declines were announcements that various European economies, led by Germany and the UK, intended to employ austerity measures, which raised fears of a renewed global economic slowdown. Consequently, oil prices dropped sharply, playing a major role in the decline of GCC markets. Qatar was the only GCC bourse to end the month in green, gaining 1.7%, while Dubai was the worst performing market losing 7.0%. All other GCC markets ended June in negative territory, losing around 1% to 5%.

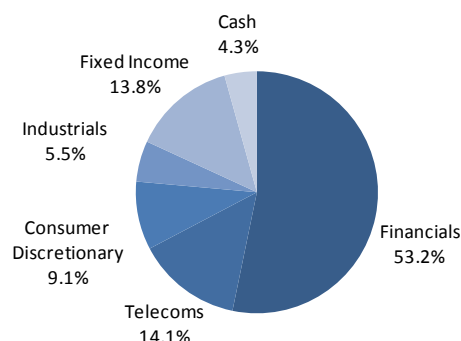
The Bahrain All Share index fell 3.7% during June. Note that the Bahraini market is now down 4.2% year to date. The declines witnessed in May and June eroded all gains that were made during the first 4 months of the year. During the month several of the often overlooked stocks shone, with the top gainers being BCFC (+2.2%), INOVEST (+2.2%) and Duty Free (+1.4%). On the other hand major decliners were Ithmaar Bank (-31.3%), Esterad (-28.3%) and Khaleeji Commercial (-18.2%). Bahrain National Holding was the most active stock in terms of value capturing 18.7% from the total market value through an arranged deal.

SICO Selected Securities Fund's NAV declined by 3.4% for the month. The fund has outperformed the benchmark during the first half of the year and is up 1.2% versus a drop of 4.2% in the benchmark. The upcoming second quarter earnings announcements will be the key determinant of the market direction in the coming months.

### Asset Allocation



### Sector Allocation



### Fund Statistics

Price Earnings Multiple TTM (x)	10.7
Dividend Yield 2009 (%)	4.9
Price to Book Multiple Latest (%)	1.1
Number of Holdings	18
Annualized Return (%)	6.1
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	61.4
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 (%)
June 2010	-3.4	-3.7
YTD 2010 (Jan - June)	1.2	-4.2
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 - June 10)	105.6	10.6
Last 3 months	-6.6	-9.7
Last 6 months	1.2	-4.2
Last 1 year	1.2	-11.7
Last 3 years	-23.6	-42.0
Last 5 years	-16.7	-35.0
Last 10 years	112.6	25.9

### 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	(%)
Batelco	Telecom	14.1
Ahli United Bank	Financial	13.0
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