

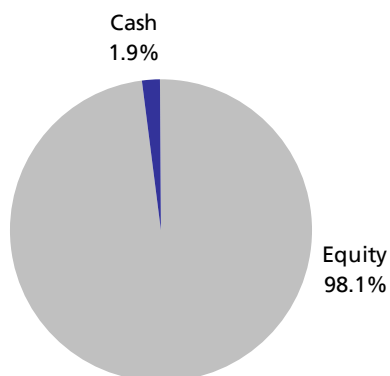
Manager's Commentary

The Bahraini market continued its steady uptrend and increased by 1.1% in May, taking its year to date gains to a modest 4.3%. The regional stock market performance has varied widely since the beginning of the year. While Oman, Qatar, Kuwait and Abu Dhabi have been impressive and have risen by 27%, 25%, 19% and 9% respectively – Saudi and Dubai have exhibited weakness and have lost 15% and 10% of their value since the beginning of the year.

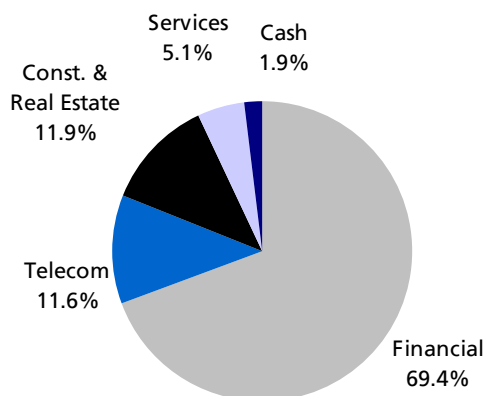
SSS Fund's NAV increased by 2.5% for the month taking its year to date returns at 10%. The fund benefited from its holdings in Nass (+27.0) and Al Khaleej Development (+11.9). Both stocks have been out of the limelight for far too long, awaiting positive market sentiment to take them closer to their fair values. Nass is one of the largest construction and contracting groups in the Kingdom of Bahrain and trades at attractive valuations – P/E of 7.5x and dividend yield of over 6%. Al Khaleej Development is a real estate development company, with mega projects such as the Bahrain Investment Wharf under its purview. With a strong pipeline up of projects, the company is expected to register strong growth in its earnings. Further, the stock trades at a P/E of 8.1x 2008 and dividend yield of 13.2%.

We believe that with foreign institutional investors increasingly focusing on regional equities – the time has arrived that the domestic investors start accumulating overlooked and neglected Bahraini equities that continue to trade at single digit P/Es despite their decent earnings growth prospects.

Asset Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	10.2
Dividend Yield 2007 (%)	3.4
Number of Holdings	18
Annualized Return (%)	13.1
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 (%)
May 2008	2.5	1.1
YTD 2008 (Jan – May 08)	10.0	4.3
Last 3 months	-1.5	-0.2
Last 6 months	17.1	10.7
Last 12 months	32.6	24.4
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	243.0	127.6

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	14.0
Ahli United Bank	Financial	12.6
Batelco	Telecom	11.6

Risk Statistics

Annualised Standard Deviation	9.9
Sharpe Ratio	0.82
Information Ratio	0.55
Beta	0.58
Alpha (%)	6.0

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