

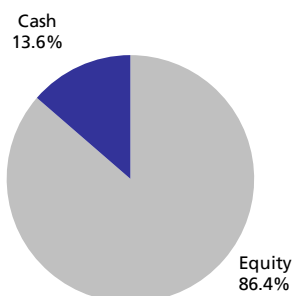
Manager's Commentary

Having had a sharp correction in October, the local bourse continued its descent and lost 12.2% of its value during the month. The market took its cue from the other regional markets that continued to witness high volatility. With oil prices hovering around the US\$50/barrel level i.e. below the breakeven price for some of the GCC countries including Bahrain, investor anxiety heightened. In addition, announcements that many projects would be delayed also added to the already bearish market sentiment.

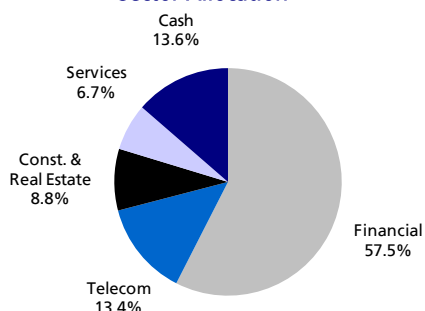
The Bahraini market, which started the month of an extremely negative tone, showed some recovery towards the end owing to buying in selected stocks. Nevertheless, stocks such as Bahrain Islamic Bank (-33%), BBK (-22%), Gulf Finance House (-18%) and Ahli United Bank (-11%) still ended the month with significant declines. Majority of the selling was concentrated in the commercial and investment banking sectors due to heightening concerns regarding their future prospects. Investcorp with a 6% weight in the index, declined by 34% during the month as its share price began to reflect the equivalent GDR price. Despite this fall, Investcorp's share price in the Bahraini market is still significant higher than the implied GDR price and could provide further downside to the market.

The NAV of SICO Selected Securities Fund declined by 9.2% as compared to a 12.2% drop in the benchmark. During the month, we took advantage of increased liquidity and trimmed / exited some of our non-core positions. As a result, our cash allocation increased to 13.6% from 4.8% as at the end of the preceding month. We are still in the process of rebalancing the portfolio and would continue to exit stocks where fundamentals have deteriorated.

Asset Allocation



Sector Allocation



Fund Statistics

| | |
|--------------------------------------|----------------|
| Price Earnings Multiple 2008 (x) | 7.3 |
| Dividend Yield 2007 (%) | 5.5 |
| Number of Holdings | 18 |
| Annualized Return (%) | 8.8 |
| Largest Monthly Gain (%) | 10.7 (May 07) |
| Largest Monthly Loss (%) | -12.3 (Oct 08) |
| % of Positive Months | 64.3 |
| Maximum Drawdown- Peak to Trough (%) | 30.8 |
| Length of Drawdown (months) | 4 |
| Time to Recovery (months) | na |

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 (%) |
|-------------------------|----------|-------------------|
| November 2008 | -9.2 | -12.2 |
| YTD 2008 (Jan – Nov 08) | -22.4 | -29.3 |
| Last 3 months | -28.5 | -27.5 |
| Last 6 months | -29.5 | -32.2 |
| Last 12 months | -17.4 | -24.9 |
| 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 | 142.4 | 54.4 |

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 | HSBC Securities |

Top Holdings

| Name | Sector | (%) |
|------------------|-----------|------|
| Batelco | Telecom | 12.0 |
| Ahli United Bank | Financial | 10.6 |
| BCFC | Financial | 8.5 |

Risk Statistics

| | |
|-----------------------------------|------|
| Annualised Standard Deviation (%) | 11.5 |
| Sharpe Ratio | 0.33 |
| Information Ratio | 0.55 |
| Beta | 0.66 |
| Alpha (%) | 4.3 |

For further information please contact:
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