

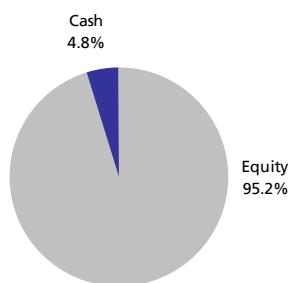
Manager's Commentary

Bahrain continued its downward trend during October as its benchmark fell 9.8% and extended its year to date loss to 19.4%. Despite the fact that the Bahraini market has lost around one fifth of its value this year, it is amongst the top performing markets in the world based on year to date 2008 returns. The main reason for this has been relatively low foreign participation and lack of liquidity which in our view has prevented broad based declines that we have witnessed in some of the other regional and emerging markets over the past three months.

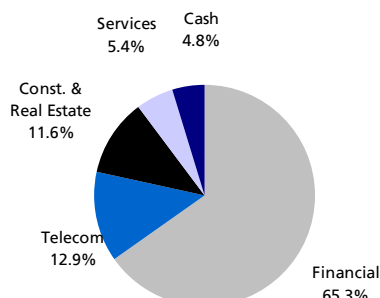
In such a backdrop, the NAV of the fund declined by another 12.3% for the month bringing its year to date losses to 14.6%. Although the fund underperformed the market in October, it continues to outperform the market by a considerable margin on a year to date basis. The main reason for the fund's underperformance in October was our exposure to real estate related financials and contracting and development companies which experienced sharp declines on investor's concerns on the future prospects of the real estate sector. While we share investor's concerns on some of the pure real estate plays, we believe that broad based sell offs especially in the contracting and building materials segments are not justified. Earnings visibility of most of the companies in this space is quite clear and these companies should continue to prosper on the back of huge infrastructure spending in the region.

We are in the process of restructuring our portfolio. We will be reducing our exposure to pure real estate plays and companies where the risks have increased and deploying the cash into defensive stocks or companies where earnings visibility is relatively clearer.

Asset Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	8.1
Dividend Yield 2007 (%)	5.3
Number of Holdings	19
Annualized Return (%)	9.9
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	64.8
Maximum Drawdown- Peak to Trough (%)	23.8
Length of Drawdown (months)	3
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 (%)
October 2008	-12.3	-9.8
YTD 2008 (Jan – Oct 08)	-14.6	-19.4
Last 3 months	-23.8	-20.6
Last 6 months	-20.4	-21.9
Last 12 months	-8.5	-16.2
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	166.4	75.8

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	11.4
Ahli United Bank	Financial	10.9
Gulf Finance House	Financial	8.1

Risk Statistics

Annualised Standard Deviation (%)	11.1
Sharpe Ratio	0.44
Information Ratio	0.52
Beta	0.65
Alpha (%)	4.5

For further information please contact:
assetmanagement@sicobahrain.com