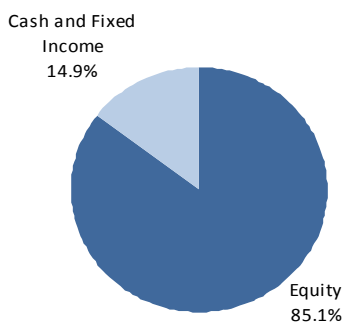
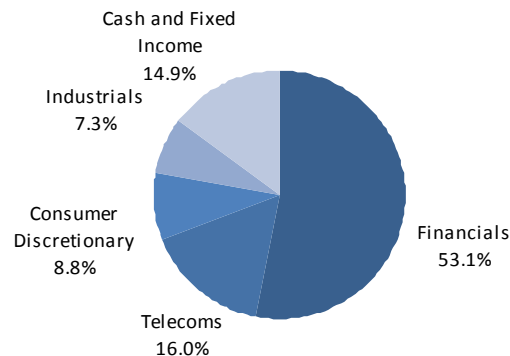


**Manager's Commentary**

All GCC markets ended October in the negative territory, as profit taking took its toll during the last week of the month. Kuwait was the worst performer (-6.0%), while Qatar, Oman and Abu Dhabi declined by 3-4%. The Bahraini market fell 1.8% for the month as investors remained cautious after majority of the companies announced poor third quarter numbers. The results announced so far show that earnings fell by around 20% on a quarter on quarter basis primarily due to the poor performance of the Investment banking companies. During the month, most of the activity was concentrated in the Investment Sector, with Ithmaar Bank accounting for approximately 16% of the total market volume.

SICO Selected Securities fund was down 0.6% for the month as compared to a 1.8% decline in the benchmark. For the year the fund is down 8.3% as compared to a 15.4% decline in the benchmark. The fund outperformed the benchmark due to its exposure to NBB which was amongst the top advancers (+12.3%), and not having any exposure in GFH (-25.9%) and Inovent (-11.6%). Gulf Finance House continued to fall amidst uncertainty on the prospects of its business model. Similarly, share price of Inovent fell after announcing 75.8% decline in their 9 months profits.

Although the local bourse may continue to drift downwards, the upcoming annual dividend season should provide support for companies with high dividend yields. Therefore, we have positioned our portfolio around this theme.

**Asset Allocation****Sector Allocation****Fund Statistics**

Price Earnings Multiple TTM (x)	10.6
Dividend Yield 2008 (%)	4.4
Price to Book Multiple Latest (%)	1.2
Number of Holdings	17
Annualized Return (%)	6.6
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	62.5
Maximum Drawdown- Peak to Trough (%)	43.8
Length of Drawdown (months)	7
Time to Recovery (months)	Na

For further information please contact:

[assetmanagement@sicobahrain.com](mailto:assetmanagement@sicobahrain.com)

Securities & Investment Company BSC (c)  
P.O. Box 1331, Manama, Kingdom of Bahrain  
Tel: +973 1751 5000 Fax: +973 1751 4000  
CR No: 33469

شركة الأوراق المالية والاستثمار ش.م.ب (م)  
ص.ب: 1331، المنامة، مملكة البحرين  
هاتف: +973 1751 5000 فاكس: +973 1751 4000  
سجل تجاري رقم 33469

**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 (%)
Oct 2009	-0.6	-1.8
YTD 2009 (Jan – Oct)	-8.3	-15.4
Last 3 months	6.1	1.6
Last 6 months	2.4	-4.4
Last 1 year	-23.1	-31.3
Last 3 years	-14.9	-31.6
Last 5 years	2.8	-13.1
Last 10 years	107.6	24.4
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 – Oct 09)	106.8	20.9

**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 Listing	Bahrain Stock Exchange
Custodian / Administrator	HSBC Securities

**Top Holdings**

Name	Sector	(%)
Batelco	Telecom	16.0
Ahli United Bank	Financial	10.2
NBB	Financial	8.1

**Risk Statistics**

Annualised Standard Deviation (%)	12.1
Sharpe Ratio	0.1
Information Ratio	0.6
Beta	0.7
Alpha (%)	3.9