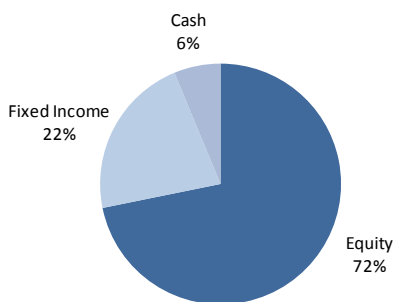
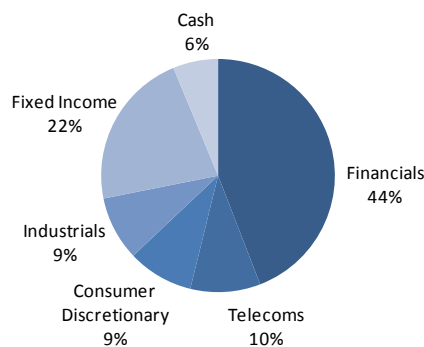


Manager's Commentary

Global markets sharply recovered in October over the optimism on a unified solution to the Euro Debt crisis. However, the GCC markets were relatively quiet for the month. Qatar increased the most (+2.4%), while Saudi (+1.8%) and Kuwait (+1.7%) were also in the green. UAE fell around 2% while Oman declined marginally (-0.3%).

Bahrain declined by 1.6% in October and extended its negative run to nine consecutive months. Except for January, the index has declined in all months this year making it the worst performing GCC market (-20%). In October, the major losers were Alba (-12%), Bahrain Tourism (-8.9%) and ABC (-8.7%). Alba's share price continued to plummet as sellers outnumbered the buyers. However, AUB rose 4% after it announced third quarter results and provided some respite to the market.

The NAV of SICO Selected Securities Fund declined by 1.2% for the month as compared to a 1.6% drop in the benchmark. It outperformed due to the lack of exposure to some of the major losers during the month and its large exposure to fixed income investments. Third quarter results of Bahraini companies depicted a mixed bag as overall earnings declined by 18% year on year but grew 12% compared to the second quarter. In this environment, we will continue to invest in either high dividend yielding stocks or investment grade fixed income investments. With the portfolio's dividend yield at a healthy 7%, we expect the dividend/ interest income accrued by the fund to mitigate the current downturn in the local bourse.

Asset Allocation**Sector Allocation****Key Statistics**

	Fund	Index
Price Earnings Multiple TTM (x)	9.0	10.8
Price to Book Multiple Latest (%)	1.2	0.9
Return on Equity TTM (%)	13.5	8.4
Dividend Yield - 2010 (%)	7.2	5.9
Number of Holdings	16	37
Annualized Return (%)	5.2	-0.7
Largest Monthly Gain (%)	10.7 (May 07)	11.8 (July 98)
Largest Monthly Loss (%)	-12.3 (Oct 08)	-12.2 (Nov 08)
% of Positive Months	58.4	54.0
Maximum Drawdown- Peak to Trough (%)	43.8	59.5
Length of Drawdown (months)	7	44
Recovery from recent trough (%)	1.1	N/A

For further information please contact:

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 2011	-1.2	-1.6
YTD 2011 (Jan - Oct)	-7.4	-19.9
2010	4.8	-1.8
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
Last 1 year	-7.4	-21.5
Last 3 years	-26.7	-48.3
Last 5 years	-18.9	-48.5
Last 10 years	96.6	15.6
Since Inception (May 98 - Oct 11)	97.1	-9.1

Fund Information

Launch Date	May 1998
Management Fee	1.0%
Performance Fee	20% over 10% pa
Subscription & Redemption	Weekly
Dealing Day	Thursday
Subscription & Redemption Deadline	Two Business Days before Dealing Day
Minimum Subscription	US\$100,000
Reuters Code	<SSSF>
Fund ISIN Code	BH000A1CZ8U1
Custodian / Administrator	HSBC, Bahrain

Top Holdings

Name	Sector	(%)
Ahli United Bank	Financial	10.7
Batelco	Telecom	9.7
NBB	Financial	8.2

Risk Statistics

Annualised Standard Deviation (%)	14.5
Sharpe Ratio	0.1
Tracking Error (%)	7.7
Information Ratio	0.8
Alpha (%)	4.2
Beta	0.7