

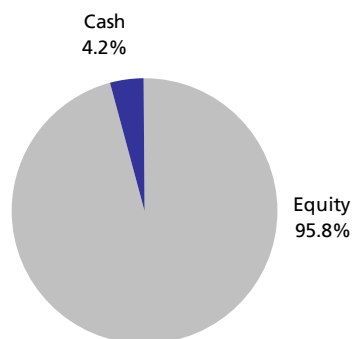
### Manager's Commentary

Equity markets across the world witnessed one of the most challenging months in recent times. News of bankruptcies and buyouts of major investment banks and insurance companies instigated a fresh wave of panic selling across the major equity bourses. Even the US\$700bn financial rescue package by the US failed to instil any confidence as fears of a global market collapse weighed heavily on investors' minds. The GCC markets were a victim of this selloff with all markets declining significantly. Bahrain, which has traditionally been a steady and stable market also succumbed to this wave of selloff and dropped by 8.5% - its largest monthly decline in over five years.

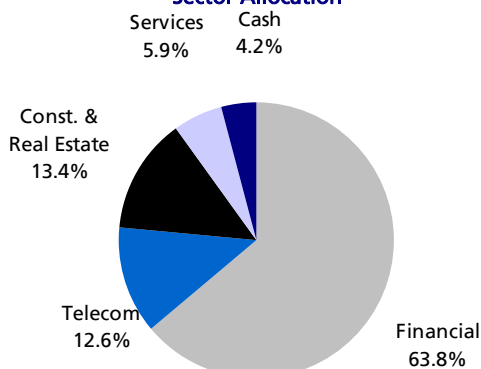
In the wake of this steep fall in the local bourse, your fund reported a decline of 10.3% during the month. On a year to date basis, the fund is down 2.6% versus a 10.6% decline in the BSE All Share index. The financial and investment sectors were the worst hit during the month with stocks such as AUB and GFH declining around 15% during the month. Other stocks such as Innovest (formerly Al Khaleej Development), Nass and Ithmaar were also victims of investor panic and dropped sharply mainly due to weak investor sentiment in the broader market.

We believe that until the international markets become stable, the local bourse would continue to remain volatile. However, we would like to reiterate that the fundamentals of the Bahraini market remain largely intact. There are many well-managed, blue chip companies that offer decent upside potential from these levels. Although it is difficult to predict when the volatility would subside, current price levels offer investors with a long term horizon an ideal investment opportunity.

#### Asset Allocation



#### Sector Allocation



### Fund Statistics

|                                      |                 |
|--------------------------------------|-----------------|
| Price Earnings Multiple 2008 (x)     | 8.4             |
| Dividend Yield 2007 (%)              | 4.6             |
| Number of Holdings                   | 19              |
| Annualized Return (%)                | 11.3            |
| Largest Monthly Gain (%)             | 10.7 (May 07)   |
| Largest Monthly Loss (%)             | -10.3 (Sept 08) |
| % of Positive Months                 | 65.3            |
| Maximum Drawdown- Peak to Trough (%) | 13.2            |
| Length of Drawdown (months)          | 2               |
| 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 (%) |
|-------------------------|----------|-------------------|
| September 2008          | -10.3    | -8.5              |
| YTD 2008 (Jan - Sep 08) | -2.6     | -10.6             |
| Last 3 months           | -12.7    | -13.9             |
| Last 6 months           | -9.1     | -11.7             |
| Last 12 months          | 7.9      | -3.2              |
| 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         | 203.7    | 95.1              |

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   | 11.3 |
| Ahli United Bank   | Financial | 11.0 |
| Gulf Finance House | Financial | 10.9 |

### Risk Statistics

|                                   |      |
|-----------------------------------|------|
| Annualised Standard Deviation (%) | 10.4 |
| Sharpe Ratio                      | 0.61 |
| Information Ratio                 | 0.57 |
| Beta                              | 0.61 |
| Alpha (%)                         | 5.3  |

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