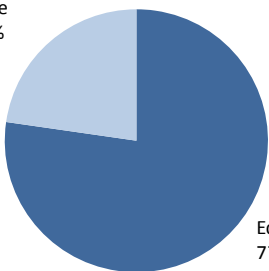
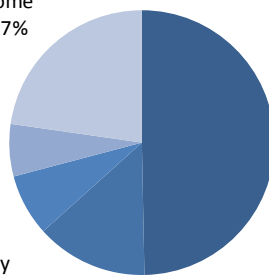


**Manager's Commentary**

All of the gulf markets ended the month on the positive territory except Kuwait that declined by 1.2%. Dubai and Saudi Arabia were the top performing bourses and appreciated by 14.5% and 11.7%, respectively. Qatar, Oman and Bahrain were up in the range of 3-4%. For the third quarter (Jul-Sep 2009) most of the GCC markets recorded strong returns in line with the performance of the global bourses.

Bahrain extended its gains for the second consecutive month and appreciated by 2.5% in September, following a 1.0% return in August. During the month, there was a substantial increase in trading volumes with almost two thirds of volumes being focused within the commercial banking sector. Stocks such as Al Baraka Bank and United Gulf Bank were amongst the top performers and increased by 21.4% and 14.3%, respectively. Al Baraka's share price reacted positively after announcing the IPO of its Syrian unit.

The NAV of SICO Selected Securities Fund increased by 1.8% for the month and is down 7.8% for the year. The BSE All Share index was up 2.5% for the month and is down 13.8% for the year. Apart from Al Baraka, the fund benefited from its allocation to Seef Properties, which increased by 11.1% for the month. We continue to remain positive on the long term prospects of the overall GCC region. Given that the Bahraini market has witnessed renewed investor interest during the last couple of months, we expect this uptrend to continue albeit at a gradual pace.

**Asset Allocation**Cash and Fixed  
Income  
22.7%**Sector Allocation**Cash and Fixed  
Income  
22.7%Industrials  
6.4%  
Consumer  
Discretionary  
7.5%Financials  
49.7%**Fund Statistics**

Price Earnings Multiple TTM (x)	10.5
Dividend Yield 2008 (%)	4.4
Price to Book Multiple Latest (%)	1.2
Number of Holdings	17
Annualized Return (%)	6.7
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

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**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 (%)
Sep 2009	1.8	2.5
YTD 2009 (Jan – Sep)	-7.8	-13.8
Last 3 months	2.4	-1.7
Last 6 months	1.8	-2.6
Last 1 year	-32.1	-36.9
Last 3 years	-13.8	-30.4
Last 5 years	6.8	-7.2
Last 10 years	107.0	26.2
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
Since Inception (May 98 – Aug 09)	108.0	23.1

**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	13.6
Ahli United Bank	Financial	9.1
BCFC	Financial	6.9

**Risk Statistics**

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