

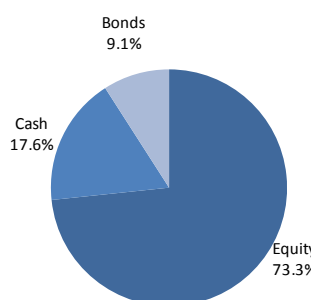
Manager's Commentary

After three months of positive returns, majority of the Gulf bourses witnessed profit taking and posted negative returns with the exception of Oman (+2%). Qatar ended its dream run and was down 7.0% for the month. Prior to this, the Qatari market had increased by 57.3% during March – May and was ripe for a correction. The other markets declined in the range of 1-5% as investor sentiment weakened especially during the second half of the month. The Bahraini market was down 2.5% for the month and continued to be the laggard for the year, down 12.3% as compared to 12.7% increase in the MSCI GCC index.

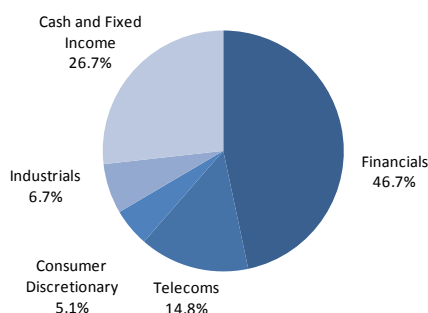
Activity on the local bourse continued to remain thin as stocks such as Arab Insurance Group (-32%), BCFC (-22%), Bahrain Islamic Bank (-7%) and AUB (-5%) declined on low volumes. On a brighter side, NASS Corporation continued to buck the trend as its share price increased by 15% (up more than 140% during second quarter).

The NAV of SICO Selected Securities Fund declined by 3.4% and is down 9.9% for the year. The BSE All Share index dropped 2.5% for the month and is down 12.3% for the year. Given that the summer season has commenced, we expect activity in the Bahraini market to continue to remain low. Moreover, the upcoming second quarter results season would be crucial in determining the short term direction of the market. As at the end of the month, we have around 18% in cash that we would look to gradually deploy on market dips in stocks that we believe offer good long term prospects.

Asset Allocation



Sector Allocation



Fund Statistics

Price Earnings Multiple 2008 (x)	9.3
Dividend Yield 2008 (%)	5.9
Price to Book Multiple Latest (%)	1.3
Number of Holdings	16
Annualized Return (%)	6.6
Largest Monthly Gain (%)	10.7 (May 07)
Largest Monthly Loss (%)	-12.3 (Oct 08)
% of Positive Months	62.9
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 (%)
June 2009	-3.4	-2.5
YTD 2009 (Jan – Jun)	-9.9	-12.3
Last 3 months	-0.6	-0.9
Last 6 months	-9.9	-12.3
Last 1 year	-42.1	-44.7
Last 3 years	-9.4	-22.7
Last 5 years	18.1	4.4
Last 10 years	116.4	29.6
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 – Jun 09)	103.2	25.3

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	12.7
Ahli United Bank	Financial	9.4
Nass Corporation	Real Estate	6.6

Risk Statistics

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