

FALCOM IPO FUND

MINIMUM ENTRY AMOUNT SAR 100,000 FOR INSTITUTIONS	MINIMUM ENTRY AMOUNT SAR 10,000 FOR INDIVIDUALS	FUND CLASS GROWTH	SHARIAH COMPLIANT ✓	FUND CATEGORY STOCK LOCAL	CURRENCY SAUDI RIYAL	GEOGRAPHY INTERNATIONAL
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FUND OBJECTIVES

FALCOM IPO Fund aims to invest its assets in the equities of public companies during their initial offering period and in the equities of early stage (two years) listed companies in Saudi Arabia, MENA region and other international markets. For the purpose of the Fund's investments, all underlying companies that are targeted by the Fund will be Shariah compliant companies.

GENERAL INFORMATION

Type of Fund	Shariah Compliant	Management Fee (p.a.)	1.75% (of N.A.V.)
Inception Date	12-July-2008	Subscription Fees	1.5% of subscription amount
Fund Currency	Saudi Riyal	Redemption Fees	(1%-0.50%) of redeemed amt.
Inception Price	SAR 1,000.00	Auditing Fees	0.50% of NAV annually
Current Price	SAR 998.84	Valuation Day	Monthly
Fund Net Asset Value	SAR 41,371,239.41	Shariah Advisory Fees	0.25% of NAV annually
Fund Manager	FALCOM Financial Services	Min. Entry for Individuals/Institutions	SAR 10,000 / SAR 100,000

PERFORMANCE RECORD

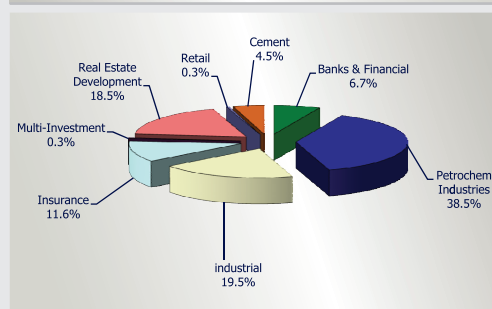
Period	Fund Return	Date	Fund
Since 1 Month	10.54%	28-Feb-2011	875.46
Since 3 Months	0.00%	31-Dec-2010	967.78
Since 6 Months	7.78%	30-Sep-2010	897.95
Since 9 Months	13.06%	30-Jun-2010	855.97
Since 1 Year	-0.18%	31-Mar-2010	969.50
Since Inception	-3.22%	12-Jul-2008	1000.00
2008	-30.38%	31-Dec-2008	696.16
2009	37.18%	30-Dec-2009	954.97
2010	1.34%	29-Dec-2010	967.78
2011 YTD	3.21%		

UNIT PRICE

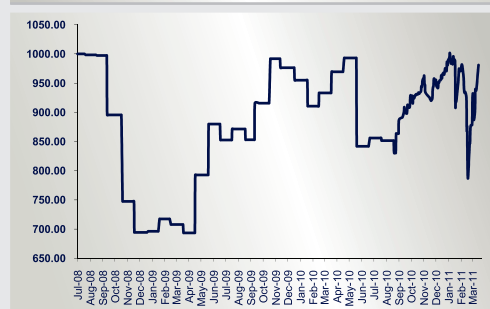
RISK AND RETURN (DAILY)

From Fund Inception	Fund
Average Return	0.013%
Standard Deviation	1.544%
Return / Risk	0.009

ASSET ALLOCATION



PERFORMANCE



FALCOM IPO FUND

FUND MANAGER'S COMMENTS

FALCOM IPO Fund invests in Initial Public Offerings (IPOs) and the companies that were listed within two years in Saudi Arabia, MENA region and other international markets. As in the case of our Equity fund, our concentration is only on Shariah compliant companies. The fund managed to record the same net asset value of SR 998.84 at the end of 1Q2011 compared to the opening NAV despite the TASI's negative returns for the quarter. Further, most of the companies invested are yet to commence their commercial operations or to operate at decent activity levels in order to reflect the full potential of those companies and thereby the share price. The fund has so far invested only in Saudi IPOs and equities due to the fact that Saudi market played a dominant role in the IPO market, particularly in 2008 and 2009. However, we closely monitor the IPO opportunities in the regional markets and would participate in good opportunities.

According to Zawya, funds raised through IPOs during 1Q2011 by MENA companies was only USD 18.6 million which is a 96% decrease compared to that in 1Q2010. There were no IPOs in Saudi Arabia during the quarter under review. The geo-political issues in the region affected the investor sentiment which hit the regional stock markets badly. Thus, the issue managers faced with lot of challenges to value new issues with reasonable

attractiveness to be successful IPOs. As the issues are being addressed and the dust is being settled, we could witness some IPO activity in the regional markets during the rest of 2011. From the IPO pipeline, Saudi Arabia is ranked first with a large number of IPOs in the MENA region.

Outlook

Positive factors

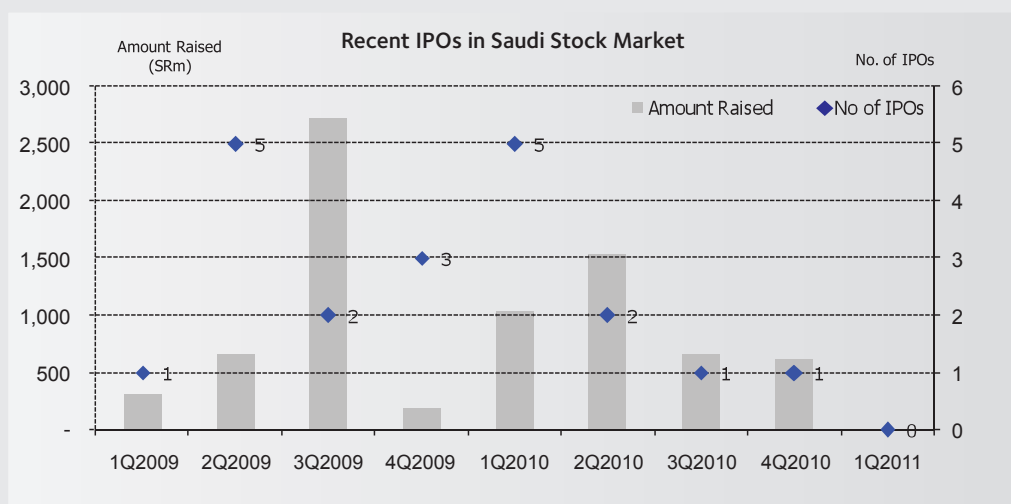
The IPO activities would gather momentum with improving investor appetite coupled with the recovery of regional markets, which were affected by the regional geo political issues.

According to Zawya, several IPOs including Saudi Aramco Total Refining and Petrochemical Co., Al Aqeeq Real Estate Development Co. and Arabian Oud Co are expected come into the market in 2011 which could have a major impact in the market.

Negative factors

Low price levels prevailing in the market and poor investor sentiments are major challenges faced by the new issuers as far as the valuations are concerned.

The recent political issues of some countries in the region have resulted in increasing the risk premium attached to the regional markets.



Source: Tadawul Reports / FALCOM Database