

FALCOM SAUDI EQUITY FUND

MINIMUM ENTRY AMOUNT	FUND CLASS	SHARIAH COMPLIANT	FUND CATEGORY	CURRENCY	GEOGRAPHY
SAR 10,000	GROWTH		EQUITIES	SAUDI RIYAL	LOCAL

FUND OBJECTIVES

To provide long-term capital appreciation and growth. The Fund invests in listed equity securities that comply with Shariah guidelines and form part of Tadawul All Share Index.

FALCOM Asset Management team of investment professionals seeks to add value over the Benchmark through:

- 1) active sector allocation.
- 2) active security selection.

GENERAL INFORMATION

Type of Fund	Shariah Compliant	Management Fee (p.a.)	1.75% (of N.A.V.)
Inception Date	6 May 2007	Subscription Fees	1.50% (of subscription amt.)
Fund Currency	Saudi Riyal	Subscription Day	Each business day
Inception Price	SAR 1.00000	Redemption Day	Each business day
Current Price	SAR 1.41489	Valuation Day	Each business day
Fund Net Asset Value	SAR 184,486,014.86	Minimum Subscription	SAR 10,000
Fund Benchmark	Tadawul All Share Index	Minimum Balance	SAR 10,000
Fund Manager	FALCOM Financial Services	Minimum Addtl. Subscription	SAR 5,000

PERFORMANCE RECORD

Period	Fund	TASI
Since 1 Month	5.61%	4.78%
Since 3 Months	6.91%	3.57%
Since 6 Months	15.90%	8.65%
Since 9 Months	8.58%	-2.65%
Since 1 Year	13.65%	8.15%
Since Inception	41.49%	-10.40%
2008	-37.26%	-56.49%
2009	40.37%	27.46%
2010-YTD	13.65%	8.15%

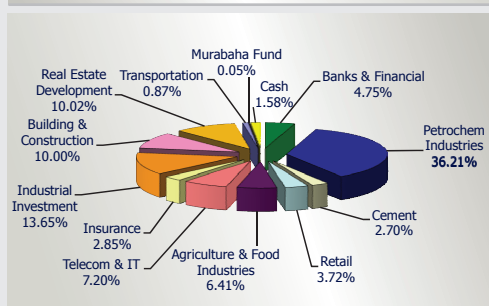
TOP FIVE HOLDINGS

Saudi Ceramic Company
Ethiad Etisalat
Yanbu National Petrochemical
TASNEE
SABIC

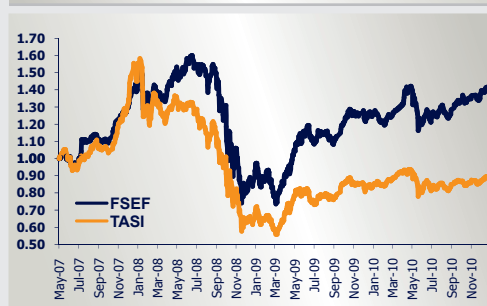
RISK AND RETURN (DAILY)

From Fund Inception	Fund	TASI
Average Return	0.05%	0.0035%
Standard Deviation	1.76%	1.76%
Return / Risk	0.030	0.0020

SECTOR ALLOCATION



PERFORMANCE vs BENCHMARK



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FUND MANAGER'S COMMENTS

FALCOM Saudi Equity Fund (FSEF) out performed the benchmark in 4Q2010 recording a return of 6.91% compared to the Tadawul All Share Index (TASI) which recorded a return of 3.57%. The recovery of petrochemical stocks due to the upward trend of the oil prices and better utilization levels, mostly helped the TASI to gain. The out performance of FSEF as against the TASI is mostly attributable to the active asset and sector allocation with better market timing. From a long term perspective, the fund has significantly out performed the TASI from the inception.

TASI oscillated within a narrow range between 6,200 and 6,700 points during the fourth quarter and it recovered towards the end of the quarter with highest value reaching 6,620 and the lowest reaching 6,226 for the period. The positive news from the global economic front and the global/regional equity markets, improving oil prices and the 4Q2010 positive interim results helped the market to recoup the losses incurred in the previous quarter. As the recovery of the global economy is eminent, the rise in commodity and oil prices would augur well for the oil and commodity based economies.

Outlook

Positive factors

The oil prices are expected to stabilize above USD 80 per barrel for 2011.

Recovery of the global economy is eminent with improving oil prices.

Corporate profitability is expected to improve in major sectors

Petrochemicals – Improving oil and product prices, thus improving margins and new capacities on steam

Banking – Positive outlook with cleaner balance sheets

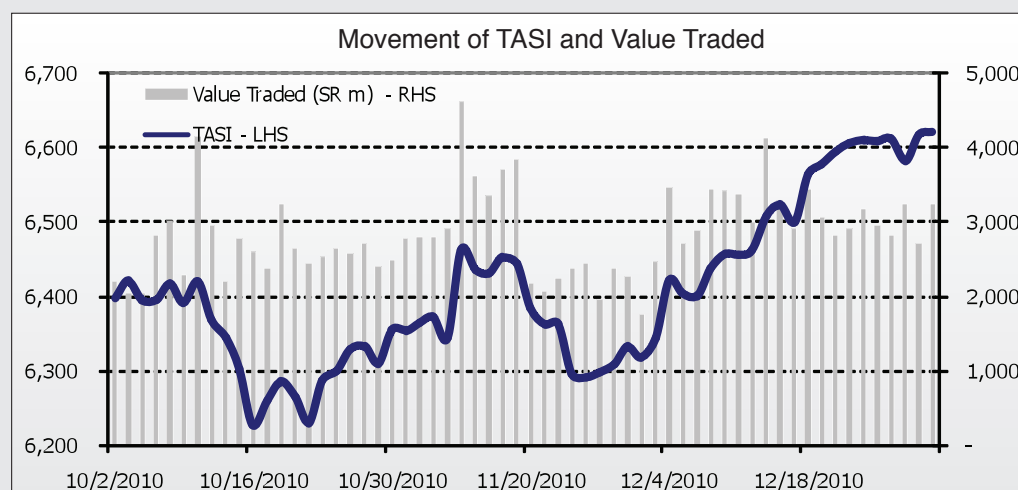
Real Estate, Building & Construction – Domestic demand to drive the growth

Retail sector – Enhanced buying power of Saudi consumers

Negative factors

Risk related to oil prices and the volatility of the same could affect the market, specifically to the petrochemical sector.

The recent political issues in the region could hamper the investor sentiment although these issues have nothing to do with Saudi Arabia.



Source: Tadawul / FALCOM Database