

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	Sharia 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 redemption amt.
Inception Price	SAR 1,000.00	Auditing Fees	0.50% of NAV annually
Current Price	SAR 855.97	Valuation Day	Monthly
Fund Net Asset Value	SAR 39,633,034.52	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	1.70%	31-May-2010	841.70
Since 3 Months	-11.71%	31-Mar-2010	969.50
Since 6 Months	-10.37%	30-Dec-2009	954.97
Since 9 Months	-6.51%	30-Sep-2009	915.56
Since 1 Year	0.40%	30-Jun-2009	852.53
Since Inception	-14.40%	12-Jul-2008	1000.00
2008	-30.38%	31-Dec-2008	696.16
2009	37.18%	31-Dec-2009	954.97
2010 YTD	-10.37%	30-Jun-2010	855.97

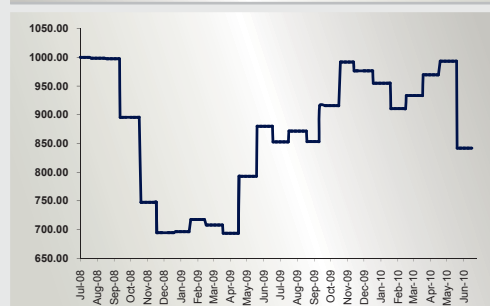
RISK AND RETURN (DAILY)

From Fund Inception	Fund
Average Return	-0.019%
Standard Deviation	1.564%
Return / Risk	-0.012

ASSET ALLOCATION



PERFORMANCE



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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 recorded a negative growth of -11.71% in its value for 2Q2010. The fund took significant positions in G I Shaker IPO and would consider future IPOs with better prospects. 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.

According to Zawya, fund raised in 14 IPOs by MENA companies remained almost the same (USD 1,203m) in the 1H2010 compared to that in 1H2009. Saudi Arabia accounted for 57% of the capital raised in the MENA region. The IPOs of G I

Shaker and Knowledge Economic City generated nearly SR 1.5 billion during 2Q2010 in Saudi Arabia. From the IPO pipeline, Saudi Arabia stands first with nearly 50 IPOs out of some 100 IPOs in the MENA region according to Zawya.

Outlook

Positive factors

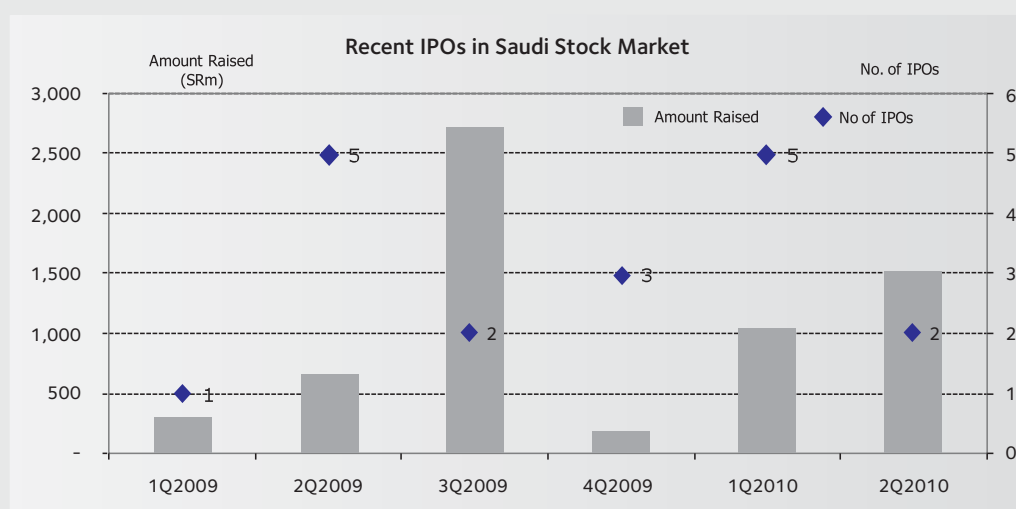
The IPO activities would gather momentum with improving investor appetite.

Some prominent names such as Prince Abdul Aziz Bin Musaed Economic City, National Commercial Bank, Najran Cement, Jizan refinery would have a major impact on the market.

Negative factors

Low price levels prevailing in the market is a major challenge faced by the new issuers as far as the valuations are concerned.

Possibility of delaying the planned IPOs amidst the trends in volatile oil prices and delayed world economic recovery.



Source: Tadawul Reports / FALCOM Database