

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 1.40726	Valuation Day	Each business day
Fund Net Asset Value	SAR 173,136,094.21	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	13.31%	10.46%
Since 3 Months	-0.54%	-0.87%
Since 6 Months	6.33%	2.67%
Since 9 Months	15.28%	7.70%
Since 1 Year	7.84%	-3.70%
Since Inception	40.73%	-11.18%
2008	-37.26%	-56.49%
2009	40.37%	27.46%
2010	13.65%	8.15%
2011-YTD	-0.54%	-0.87%

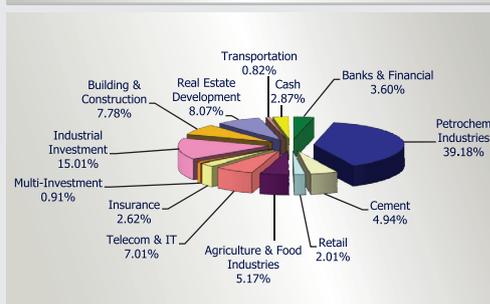
TOP FIVE HOLDINGS

Etiihad Etisalat
National Industrialization Co.
Saudi Basic Industries Corp.
Yanbu National Petrochemical
Saudi Arabian Mining Company

RISK AND RETURN (DAILY)

From Fund Inception	Fund	TASI
Average Return	0.05%	0.0038%
Standard Deviation	1.79%	1.78%
Return / Risk	0.028	0.0021

SECTOR ALLOCATION



PERFORMANCE vs BENCHMARK



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FUND MANAGER'S COMMENTS

FALCOM Saudi Equity Fund (FSEF) out performed the benchmark in 1Q2011 recording a negative return of -0.54% compared to the Tadawul All Share Index (TASI) which recorded a negative return of -0.87%. 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. You would be happy to hear that your fund has managed to grab the Prestigious Lipper Award for the Best Performing Local Equity Fund and the Best Islamic Fund in Saudi Arabia for the last 3 years.

It was a challenging period for the fund managers in the region as the markets witnessed a roller coaster pattern brought about by the geo-political issues during the quarter. TASI traded between a wide range of 5,300 and 6,800 points during the quarter and it fast recovered from its lowest point of 5,323 on Mar 02 to end the quarter at 6,562. The positive signs and calming down of the regional issues and the tension improved the investor sentiment towards the end of the quarter. In this respect, the timely action of the Saudi government in managing the dissents and related issues was a welcoming factor for the investors. Further, the high oil prices above USD 100 per barrel along with the high commodity prices helped the Saudi market to rebound due to its high exposure to the sector. The expected positive interim results of the listed companies, specially the petrochemical companies helped the market to rally towards the end of the quarter.

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.

Minimum or negligible geo political issues of Saudi Arabia compared to its regional counter parts would keep the country's risk profile lower

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

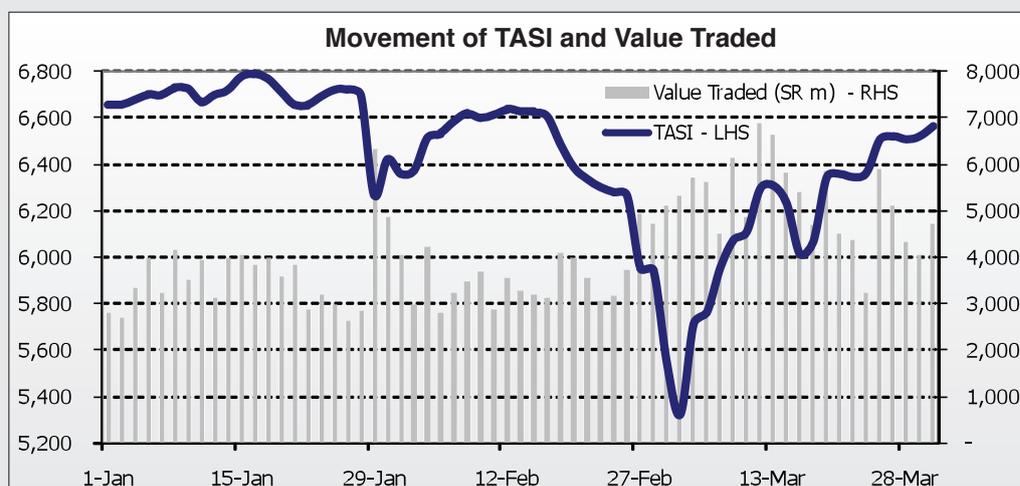
Retail sector – Enhanced buying power of Saudi consumers

Negative factors

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

Although the global economic crisis is eased off, some countries are still experiencing economic crisis.

The regional geo political issues are not yet over, although, it would have minimal impact on Saudi Arabia.



Source: Tadawul / FALCOM Database