

# FALCOM SAUDI EQUITY FUND

<b>MINIMUM ENTRY AMOUNT</b>	<b>FUND CLASS</b>	<b>SHARIAH COMPLIANT</b>	<b>FUND CATEGORY</b>	<b>CURRENCY</b>	<b>GEOGRAPHY</b>
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 1.22076	Valuation Day	Each business day
Fund Net Asset Value	SAR 171,106,280.07	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	-0.40%	-0.44%
Since 3 Months	-6.31%	-10.40%
Since 6 Months	-1.94%	-0.46%
Since 9 Months	1.99%	-3.61%
Since 1 Year	9.06%	8.89%
Since Inception	22.08%	-17.53%
2008	-37.26%	-56.49%
2009	40.37%	27.46%
2010-YTD	-1.94%	-0.46%

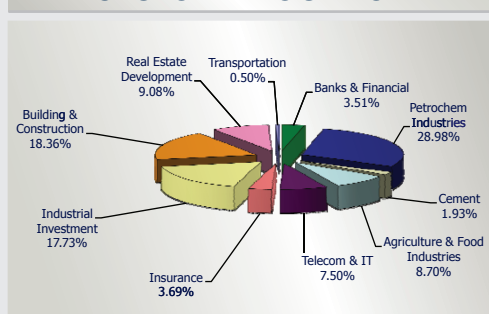
## TOP FIVE HOLDINGS

Saudi Ceramic Company
Saudi Paper Manufacturing Company
Etihad Etisalat Co.
Almarai Company
National Petrochemical Company

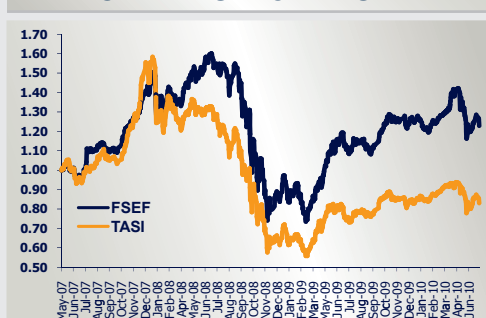
## RISK AND RETURN (DAILY)

From Fund Inception	Fund	TASI
Average Return	0.04%	-0.01%
Standard Deviation	1.87%	1.87%
Return / Risk	0.023	-0.004

## SECTOR ALLOCATION



## PERFORMANCE vs BENCHMARK



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## FUND MANAGER'S COMMENTS

FALCOM Saudi Equity Fund (FSEF) out performed the benchmark in 2Q2010 recording a negative return of -6.31% compared to the Tadawul All Share Index (TASI) which recorded a negative return of -10.4%. 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 witnessed a downward trend during the quarter and the volatility was high with highest value reaching 6,929 and the lowest reaching 5,760. The positive news from the global economic front and the global/regional equity markets, calming down of Dubai crisis and the expected 2Q2010 positive interim results helped the market to recover to an extent. However, the re-emergence of the crisis in Greece, Spain, Portugal and Ireland pushed the economic and the market outlook of the Euro zone to a very low level. A threat of a double dip economic recession in the world has further impacted the markets all around the world negatively. Thus, a vague direction of the market is expected to increase the volatility in the commodity as well as stock markets.

### Outlook

#### Positive factors

Oil prices are expected to remain volatile and could oscillates between a range of around \$ 65 - 80 per barrel for the rest of 2010

Corporate profitability is expected to improve in major sectors

**Petrochemicals** – Stable margins and capacity build up.

**Banking** – Slow and steady recovery.

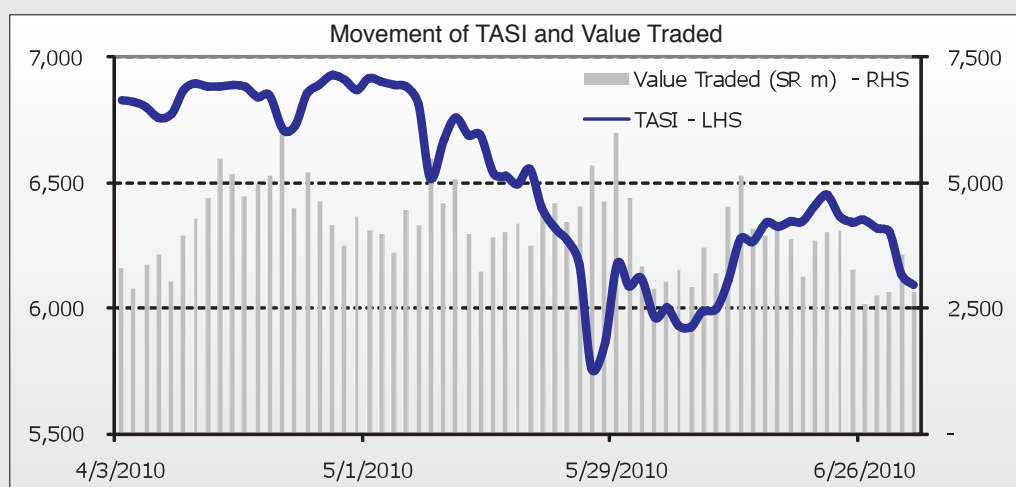
**Real Estate, Building & Construction** – Domestic demand to drive the growth.

**Retail sector** – Enhanced buying power of Saudi consumers

#### Negative factors

Risk related to oil prices and the volatility of the same would affect the market.

Saudi market has a similar trend that of the US markets in the recent past although there is a clear disconnect between the earnings and the growth potential of listed companies in the USA and Saudi Arabia.



Source: Tadawul / FALCOM Database