

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 1.24491	Valuation Day	Each business day
Fund Net Asset Value	SAR 281,581,974.69	Minimum subscription	SAR 10,000
Fund Benchmark	Tadawul All Share Index	Minimum Balance	SAR 10,000
Fund Manager	FALCOM Financial Services	Minimum Additional Subscription	SAR 5,000

PERFORMANCE RECORD

Period	Fund	TASI	FALCOM -SC Index
Since One Week	-1.65%	-1.72%	-1.14%
Since One Month	-1.91%	-3.68%	-2.09%
Since Two Months	-0.45%	-2.34%	-0.42%
Since Three Months	4.01%	-3.17%	-0.83%
Since Six Months	11.22%	9.39%	11.24%
Since Nine Months	46.29%	30.15%	40.50%
Since One Year	40.37%	27.46%	32.38%
Since Inception	24.49%	-17.15%	-15.20%
2008	-37.26%	-56.49%	-57.19%
2009	40.37%	27.46%	32.38%

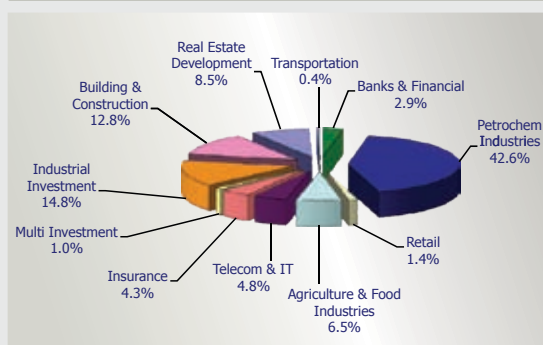
TOP FIVE HOLDINGS

Company Name
Saudi Ceramic Company
Sahara Petrochemical Company
Rabigh Refining & Petrochemical Company
Advance Polypropylene Company
Saudi Paper Manufacturing Company

RISK AND RETURN (DAILY)

From Fund Inception	FUND	TASI	FALCOM -SC INDEX
Average Return	0.05%	-0.009%	-0.002%
Standard Deviation	1.98%	1.97%	2.11%
Return/Risk	0.027	-0.004	-0.001

SECTOR ALLOCATION



PERFORMANCE VS BENCHMARK



Note: The FALCOM Sharia-compliant Index is an internal benchmark used by FALCOM Asset Management to monitor the performance of the FALCOM Saudi Equity Fund. It has been provided here for indicative purposes only.

Disclaimer: The Fact Sheet data is as of 30/12/2009. There is no guarantee that the Fund will continue to hold any particular securities or stay invested in any particular sectors. Holdings are subject to change. Investing in the Fund is not a deposit in, or an obligation of, and is not guaranteed by the Investment Manager. Past performance does not guarantee future results and the Fund remains subject to investment risk. For more information please call 800 429 8888 or visit the Web site: www.falcom.com.sa.

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FUND MANAGER'S COMMENTS

FALCOM Saudi Equity Fund (FSEF) outperformed the benchmark in 4Q 2009 recording a return of 4.01% compared to the Tadawul All Share Index (TASI) which recorded a return of -3.17%. The over performance of both FSEF as against the TASI is attributable mostly to the selective stock picking, active fund management strategies and the under performance of the banking sector in which the FSEF has little exposure. Further, FSEF outperformed TASI for the year 2009 by registering a 40.37% gain as against a 27.46% gain in the TASI.

TASI was relatively less volatile and oscillated within a narrow band of 6,000 to 6,500 approximately with declining turnover levels during 4Q2009. The recovery of oil price, the global equity markets and the expected 4Q2009 interim results helped the market to rebound. Fund manager was active in rebalancing the portfolio and notable changes were the exit of FIPCO and the entry of Saudi Paper during the quarter in the top five holdings. Stock market reached its recent bottom, TASI at almost 4,100 levels in March 2009 but recovered almost 50% to close the year. The major changes for the year were the exit of Saudi Telecom and Al Rajhi Bank and the entry of Sahara Petrochemical and Petro Rabigh in the top five holdings.

Outlook for 2010

Positive factors

Oil prices are expected to remain high around \$80 per barrel for 2010 compared to 2009, the roller coaster year for oil which mirrored the previous decade.

Recovery of the global markets/ BRIC and regional markets is a lead indicator of the global economy recovery with strengthening commodity prices and recovering risk appetite of investors.

Corporate profitability is expected to improve in major sectors:

Petrochemicals – stable margins and capacity build up

Real Estate, Building & Construction - Recovery of prices amidst the acute excess demand.

Retail sector – Global crisis had minimal impact on Saudi consumers.

Telecom – stable margins with better coverage, regional expansion, value added products.

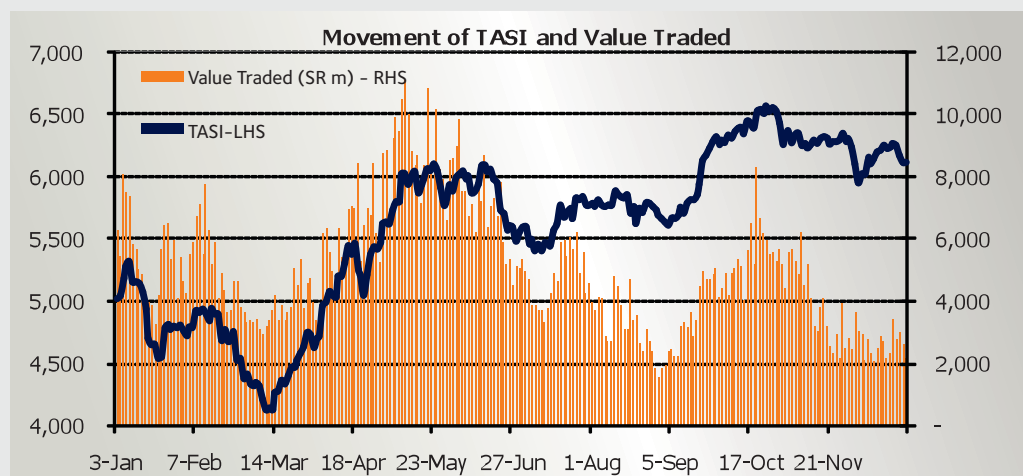
Cement sector- construction sector growth / import restrictions.

Negative factors

As the stock market is sensitive to oil prices, the expected volatility in oil and commodity prices in the second half of 2010 could develop a negative sentiment.

As the "Dubai crisis" is not yet over, the market sentiment could be dampened by any negative news.

Banking sector is under pressure mostly due to the low loan growth and high provisioning (However, our exposure to this sector is minimal due to the Shariah compliant feature of the fund).



Source: Tadawul / FALCOM Database