

FALCOM SAR MURABAHA FUND

MINIMUM ENTRY AMOUNT	FUND CLASS	SHARIAH COMPLIANT	FUND CATEGORY	CURRENCY	GEOGRAPHY
SAR 5,000	STEADY GROWTH & CAPITAL PRESERVATION		MONEY MARKETS	SAUDI RIYAL	LOCAL

FUND OBJECTIVES

To provide current income and liquidity consistent with short-term money market rates and to preserve the value of unit holder's investments. The Fund provides investors with a Shariah Compliant investment solution that generates competitive market returns from short-term Murabaha investments with a high degree of capital preservation, superior liquidity and no foreign exchange risk.

GENERAL INFORMATION

Type of Fund	Shariah Compliant	Management Fee (p.a.)	0.50% (of N.A.V.)
Inception Date	29 August 2007	Subscription Fees	None
Fund Currency	Saudi Riyal	Subscription Day	Each business day
Inception Price	SAR 1.0000	Redemption Day	Each business day
Current Price	SAR 1.07017	Valuation Day	Each business day
Fund Net Asset Value	SAR 50,642,813.55	Minimum Subscription	SAR 5,000
Fund Benchmark	SIBID 3 Month	Minimum Balance	SAR 2,000
Fund Manager	FALCOM Financial Services	Minimum Additional Subscription	SAR 2,000

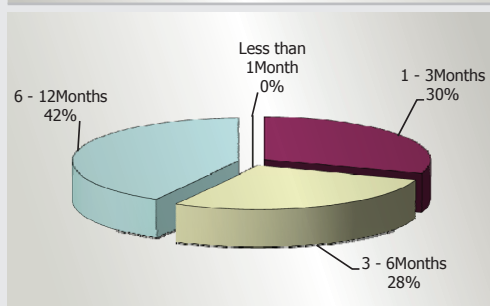
PERFORMANCE RECORD YIELD AND RATE

Period	Fund	Date	Fund	SIBID 3 Month
Since 1 Month	0.07%	28-Feb-2011	0.73%	0.75%
Since 3 Months	0.20%	31-Dec-2010	1.07%	0.75%
Since 6 Months	0.34%	30-Sep-2010	1.04%	0.72%
Since 9 Months	0.46%	30-Jun-2010	1.01%	0.73%
Since One Year	0.64%	31-Mar-2010	1.49%	0.73%
Since Inception	7.02%	29-Aug-2007	3.96%	5.52%
2008	2.85%	31-Dec-2008	4.26%	2.51%
2009	1.61%	30-Dec-2009	1.53%	0.77%
2010	0.72%	29-Dec-2010	1.07%	0.75%
2011 YTD	0.20%			

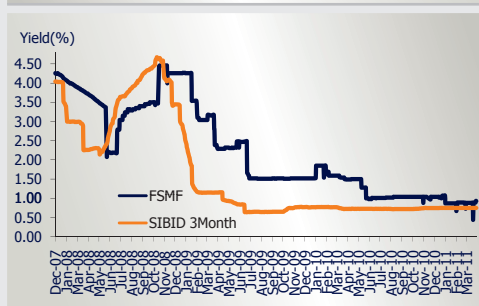
RISK AND RETURN (DAILY)

Since Fund Inception	FUND
Average Return	0.008%
Standard Deviation	0.009%
Return / Risk	0.810

MATURITY PROFILE



PERFORMANCE



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FUND MANAGER'S COMMENTS

FALCOM Saudi Riyal Murabaha Fund's year to date yield is 1.07% as against the benchmark's yield of 0.75% (3m Saudi Interbank Bid rate). The fund managers' estimate on future interest rates and locking funds for longer investment periods have been the main reasons for the outperformance, given the volatile scenario in the market.

As the fund managers strive to achieve the stated objectives of the fund, the lowering money market rates would have a negative impact on the return in the short term. The returns are expected to normalize with the recovery of the global economy and improving credit market situation and the corresponding actions of SAMA in the long run.

As Saudi Riyal is pegged to the US Dollar, the Saudi Monetary Authorities have been following Fed's actions in the money market related matters. Since Fed was very aggressively cutting down rates to recover from the economic crisis, Saudi Arabian Monetary Agency (SAMA) followed a similar move by cutting Reverse Repo rate to 0.25% and Repo rate to 2.0% during the crisis period and has been maintaining that rate since then. The anomalies in the interest rate differential of Saudi Riyal and USD were minimized during the recent past.

Outlook

Positive factors

As the Global economic recovery is underway, there could be an upward pressure on the global interest rates which would have an impact on Saudi Inter Bank rates due to its dollar peg. There has been a gradual improvement in interest rates in the Euro zone.

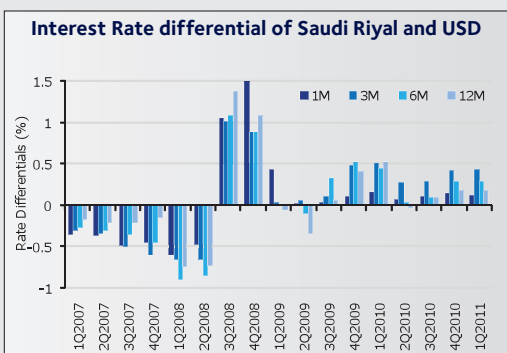
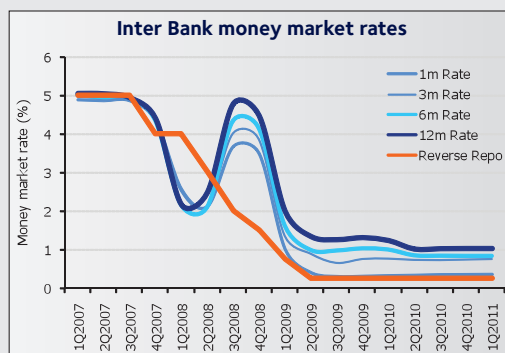
The yield curve also signals the bottoming out of interest rates.

Negative factors

As the European crisis is replaced for the Global crisis, the possibility of improving interest rates could be remote.

After the Dubai crisis, the regional risk premium has increased due to the volatile oil prices and risks related to geo –political issues in the region.

The easing of monetary policy of SAMA led the interbank rates to further decline in 2Q2009. Subsequently, the interest rates have been almost flat for the rest of the period until now. Further, the rate difference between the short and long term rates is maintained at a higher range compared to the historical movement. Since inflation in Saudi Arabia is primarily driven by the commodity prices and housing rent, the increase in money supply brought about by the lower interest rates would have minimal impact on inflation.



Source: Saudi Arabian Monetary Agency Reports