

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 967.78	Valuation Day	Monthly
Fund Net Asset Value	SAR 42,320,608.60	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

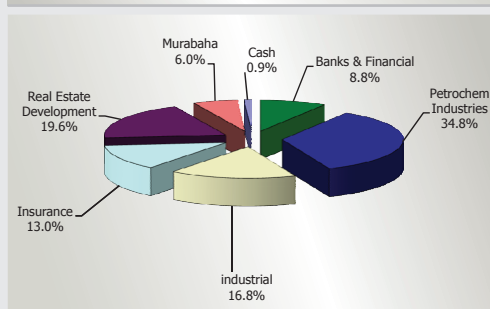
Period	Fund Return	Date	Fund
Since 1 Month	5.20%	30-Nov-2010	919.97
Since 3 Months	7.78%	30-Sep-2010	897.95
Since 6 Months	13.06%	30-Jun-2010	855.97
Since 9 Months	-0.18%	31-Mar-2010	969.50
Since 1 Year	1.34%	31-Dec-2009	954.97
Since Inception	-3.22%	12-Jul-2008	1000.00
2008	-30.38%	31-Dec-2008	696.16
2009	37.18%	31-Dec-2009	954.97
2010 YTD	1.34%	31-Dec-2010	967.78

UNIT PRICE

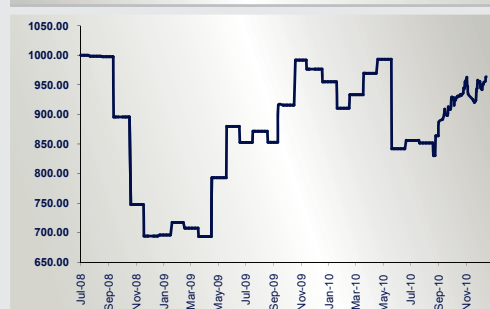
RISK AND RETURN (DAILY)

From Fund Inception	Fund
Average Return	0.007%
Standard Deviation	1.437%
Return / Risk	0.005

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 growth of 7.78% in its value for 4Q2010. The fund took significant positions in attractive IPOs during 2010 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. However, we closely monitor the IPO opportunities in the regional markets and would participate in good opportunities.

According to Zawya, funds raised through IPOs during 2010 by MENA companies was USD 2,727m which is an increase of nearly 28% compared to that in 2009. Saudi Arabia accounted for nearly 42% of the capital raised in the MENA region

during 2010. The only IPO of Al Khodari generated SR 612 million during 4Q2010 in Saudi Arabia. From the IPO pipeline, Saudi Arabia is ranked first with a large number of IPOs in the MENA region.

Outlook

Positive factors

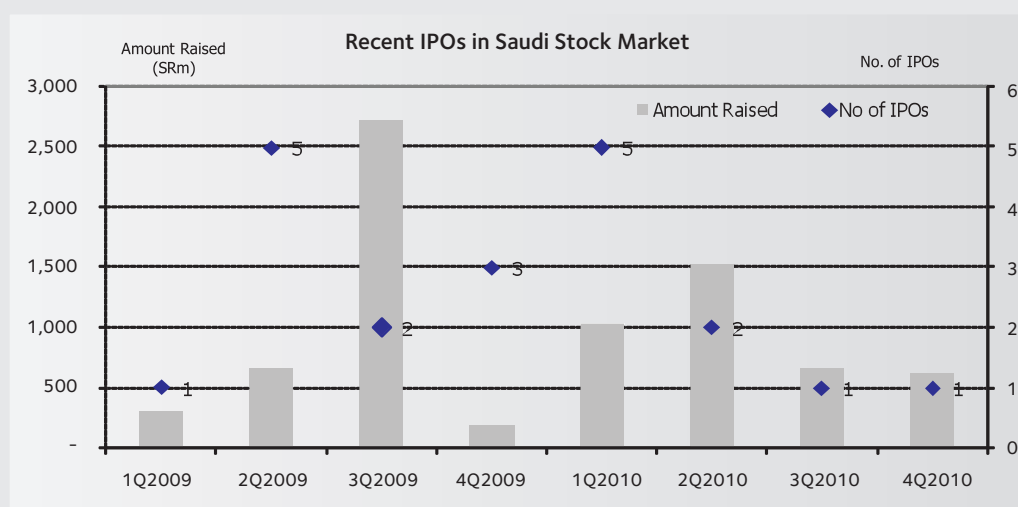
The IPO activities would gather momentum with improving investor appetite coupled with the recovery of global markets.

According to Zawya, several IPOs including Saudi Aramco Total Refining and Petrochemical Co., Al Aqeeq Real Estate Development Co. and Arabian Oud Co are expected come into the market in 2011 which could have a major impact in 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.

The recent political issues of some countries in the region has resulted in increasing the risk premium attached to the regional markets.



Source: Tadawul Reports / FALCOM Database