

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	0.0% of subscription amount
Fund Currency	Saudi Riyal	Redemption Fees	0.50% of redeemed amount*
Inception Price	SAR 1,000.00	Auditing Fees	SR 20,000 annually
Current Price	SAR 954.97	Valuation Day	Weekly
Fund Net Asset Value	SAR 55,818,316.97	Shariah Advisory Fees	0.25% of NAV annually
Fund Manager	FALCOM Financial Services	Min. Entry for Individuals/Instt.	SAR 10,000 / SAR 100,000

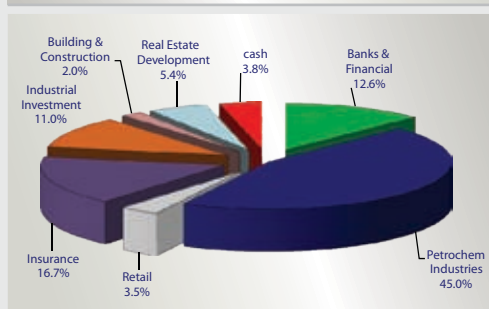
PERFORMANCE RECORD

Period	Fund Unit Price	Fund Return (%)
Since One Month	976.42	-2.20%
Since Two Months	991.80	-3.71%
Since Three Months	915.56	4.30%
Since Four Months	852.92	11.97%
Since Five Months	871.43	9.59%
Since Six Months	852.53	12.02%
Since Eight Months	792.76	20.46%
Since Nine Months	693.50	37.70%
Since Inception	1000.00	-4.50%
2008	696.16	-30.38%
2009	954.97	37.18%

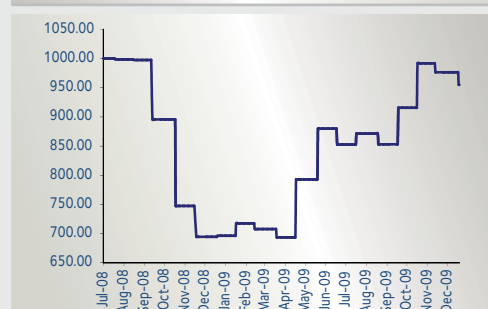
RISK AND RETURN (DAILY)

From Fund Inception	Fund
Average Return	0.0001%
Standard Deviation	1.593%
Return / Risk	0.000

ASSET/SECTOR ALLOCATION



PERFORMANCE



*Ranging 0.50% to 1.0%; If Redemption is between 3-6 months from date of participation.

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.

FALCOM IPO FUND



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 4.30% growth in its value for 4Q2009 and a 37.18% for year 2009. The drying up of the IPO pipeline in 2009 further affected the fund as the opportunities were limited. 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.

According to Zawya, the initial public offerings plunged to \$ 2.14 billion in 2009 compared with \$13.17 billion in 2008 in the MENA region. 17 IPOs in 2009 was only confined to four markets namely Saudi Arabia, Qatar, Tunisia and Syria whilst Saudi Arabia accounted for 11 IPOs. The unfavorable market conditions and the challenges faced by the issuers in convincing the investors with valuations kept most of the IPOs in the waiting list. The IPOs of Buruj Cooperative Insurance Company, Al Alamiya for Cooperative Insurance Company and Gulf General Cooperative Insurance Company generated SR 192 million during 4Q2009 in Saudi Arabia.

Outlook for 2010

Positive Factors

We think 2010 will be more robust than 2009 as issuers would take advantage of improved equity markets as the investors have better appetite for IPOs in Saudi market.

According to Zawya, some 45 IPOs are expected to raise approximately SR 40 billion during 2010 in Saudi market and 29 companies have already completed the necessary procedures from the CMA.

Some prominent names such as Prince Abdul Aziz Bin Musa'ed Economic City, Al Tayyar Group, Knowledge Economic City, National Commercial Bank, Najran Cement, Jizan refinery would have a major impact on the market.

Negative Factors

Foreign investors perceive that the IPOs are offered at a deep discount due to the magnitude of over subscription. However, we think that the investor participation ratio among Saudis for IPOs is very high and the price determination process is transparent and fair.

The volatile market prices and the public scrutiny deter a large number of family businesses going public.

