

FALCOM ARAB MARKET FUND

MINIMUM ENTRY AMOUNT SAR 5,000 FOR INSTITUTIONS	MINIMUM ENTRY AMOUNT SAR 2,000 FOR INDIVIDUALS	FUND CLASS GROWTH	SHARIAH COMPLIANT ✓	FUND CATEGORY ARAB MARKET STOCKS	CURRENCY USD	GEOGRAPHY ARAB MARKETS
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FUND OBJECTIVES

The investment objective of the Fund is long term capital appreciation and growth of invested capital. The fund would invest the money in sharia compliant listed equities in Arab Markets.

GENERAL INFORMATION

Type of Fund	Shariah Compliant	Management Fee (p.a.)	1.75% (of N.A.V.)
Inception Date	27-Nov-2010	Subscription Fees	1.5% of subscription amount
Fund Currency	US Dollar	Performance Fees	15% of the return above 10%
Inception Price	10.0000	Auditing Fees	USD 6,800 annually
Current Price	USD 9.9268	Valuation Day	Bi-Weekly
Fund Net Asset Value	USD 7,110,532.38	Shariah Advisory Fees	0.10% of NAV annually
Fund Manager	FALCOM Financial Services	Min. Entry for Individuals/Institutions	USD 2,000 / USD 5,000

PERFORMANCE RECORD

Period	Fund Return	Benchmark	Date	Fund
Since 1 Month	7.31%	5.45%	Since One Month	9.251
Since 3 Months	-3.48%	-3.95%	Since Three Months	10.285
Since 6 Months	n/a	n/a	Since Six Months	n/a
Since 9 Months	n/a	n/a	Since Nine Months	n/a
Since 1 Year	n/a	n/a	Since One Year	n/a
Since Inception	-0.73%	0.07%	Inception (27-Nov-2010)	10.000
2010	2.85%	4.18%	31-Dec-2010	10.285
2011 YTD	-3.48%	-3.95%		

UNIT PRICE

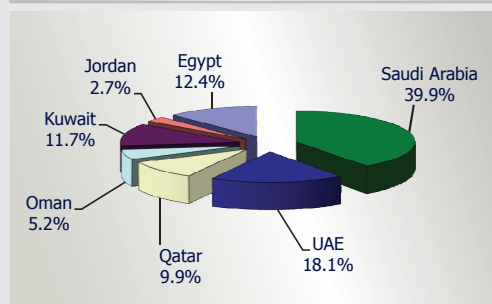
RISK AND RETURN (DAILY)

From Fund Inception	Fund	Benchmark
Average Return	-0.003%	0.002%
Standard Deviation	1.015%	1.021%
Return / Risk	-0.003	0.002

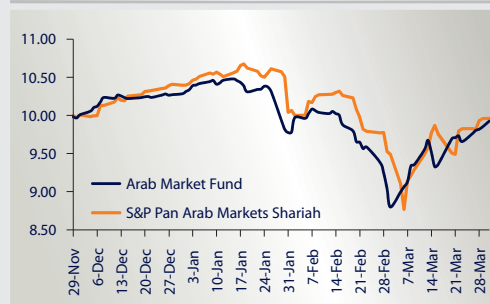
TOP FIVE HOLDINGS

KGL Logistic
Saudi Basic Industries Corp.
Al Inmaa Bank
Al Rajhi Bank
Nawras Telecom

COUNTRY ALLOCATION



PERFORMANCE



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FUND MANAGER'S COMMENTS

Political unrest was the main theme in the first quarter of 2011 where we witnessed a series of political events unfolding in the MENA region, starting from Tunisia, spreading all the way to Egypt, Libya, and the GCC. Demonstrators took to the streets asking for changes in the regime, social reforms and a change in leadership.

In Saudi Arabia, the story was quite different, where the government adopted a pragmatic approach to appease its population, announcing a set of measures in an attempt to improve living standards and alleviate any potential social pressures in the Kingdom. This, we believe, proved to be appropriate and adequate in the current circumstances.

As political events unfolded in the MENA region, risk aversion increased and with continued political uncertainty, regional markets plunged amidst some fierce and undifferentiated selling.

Egypt was the worst performing market in Q1 2011 dropping 23.5%. The fall was triggered by the first days of massive protests in Egypt, before

the stock market closed on the 27th of January 2011. The Kuwait stock market was the second most hit, losing 9.5%, followed by Oman, which saw its stock market index retract by 8.7%.

The Falcom Arab Markets Fund lost 3.48% in the first quarter of the year, in line with the S&P Pan Arab Sharia Compliant index, which dropped by 3.95%. The fund's Egyptian exposure at the beginning of the crisis was 10.01%.

The massive and undifferentiating sell-off that occurred in the markets represented a good opportunity to selectively identify stocks with a sustainable competitive advantage, strong and robust business models, with visible corporate profitability.

We continue to believe in the robust fundamentals and appealing growth story that the GCC and MENA countries represent to investors. However, we are fully aware of the increased risk premium that investors would apply to this region, specifically in the short term.