

# FALCOM EURO MURABAHA FUND

<b>MINIMUM ENTRY AMOUNT</b>	<b>FUND CLASS</b>	<b>SHARIAH COMPLIANT</b>	<b>FUND CATEGORY</b>	<b>CURRENCY</b>	<b>GEOGRAPHY</b>
EURO 2,000	STEADY GROWTH & CAPITAL PRESERVATION		MONEY MARKETS	EURO	LOCAL & INTERNATIONAL

## FUND OBJECTIVES

To provide current income and liquidity consistent with short term money market rates and to preserve the value of unit holder's investment. The Fund provides investor's with Sharia-Compliant solutions that generates competitive market returns from short-term Murabaha investments with a high degree of capital preservation and superior liquidity.

## GENERAL INFORMATION

<b>Type of Fund</b>	Shariah Compliant	<b>Management Fee (p.a.)</b>	0.50% (of N.A.V.)
<b>Inception Date</b>	11 December 2007	<b>Subscription/Redemption Fees</b>	0.00%
<b>Fund Currency</b>	EURO	<b>Custodian / Shariah Advisory Fees</b>	0.00%
<b>Inception Price</b>	EUR 1.0000	<b>Subscription Day</b>	Each business day
<b>Current Price</b>	EUR 1.0606	<b>Redemption Day</b>	Each business day
<b>Fund Net Asset Value</b>	EUR 77,128.83	<b>Valuation Day</b>	Each business day
<b>Fund Benchmark</b>	EURO LIBID 1 Month	<b>Minimum Balance for Individuals</b>	EUR 1,000
<b>Fund Manager</b>	FALCOM Financial Services	<b>Minimum Balance for Institutions</b>	EUR 1,000

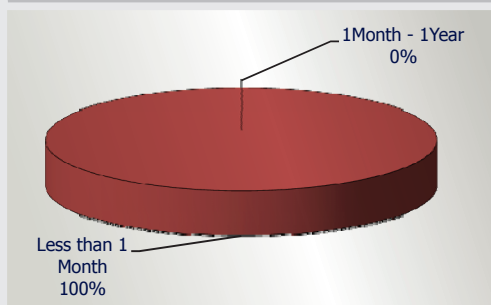
## PERFORMANCE RECORD YIELD AND RATE

Period	Fund Return	Date	Yield	EURO LIBID 1 Month
Since 1 Month	0.05%	28-Feb-2011	0.60%	0.82%
Since 3 Months	0.15%	31-Dec-2010	0.55%	0.73%
Since 6 Months	0.30%	30-Sep-2010	0.62%	0.59%
Since 9 Months	0.44%	30-Jun-2010	0.51%	0.46%
Since 1 Year	0.63%	31-Mar-2010	0.80%	0.37%
Since Inception	6.06%	11-Dec-2007	5.32%	4.92%
2008	3.75%	31-Dec-2008	3.91%	2.59%
2009	1.11%	30-Dec-2009	0.80%	0.41%
2010	0.69%	29-Dec-2010	0.55%	0.73%
2011 YTD	0.15%			

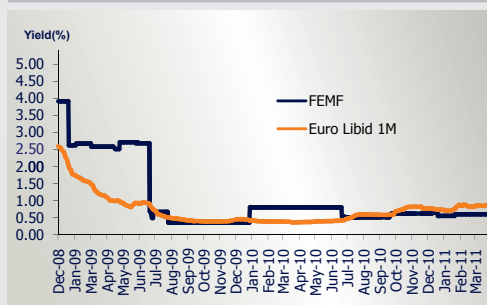
## RISK AND RETURN (DAILY)

Since Fund Inception	FUND
Average Return	0.007%
Standard Deviation	0.010%
Return / Risk	0.718

## MATURITY PROFILE



## PERFORMANCE vs BENCHMARK



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## FUND MANAGER'S COMMENTS

As of September 30, 2010, FALCOM Euro Murabaha Fund's year to date yield was 0.55% as against 0.73% of its benchmark of EURO LIBID (Euro London Interbank Bid Rate). The continuous rate cuts by the European Central Bank put pressure on the Euro LIBID rate during global economic crisis. The economic issues of some of the European countries are yet to be solved. Although, the Dollar has been regaining its lost appetite and acceptance, the story with Euro is not yet positive.

Euro witnessed a massive depreciation against the US Dollar and hence the Saudi Riyal from the start of the financial crisis in 2H2008. Although, it recovered somewhat in mid 2009, the economic crisis in Greece, Portugal, Ireland and Spain caused EURO to depreciate further in 1H2010. However, EURO recouped some of its losses since then as some countries bailed out the affected parties promptly.

### Outlook

#### Positive factors

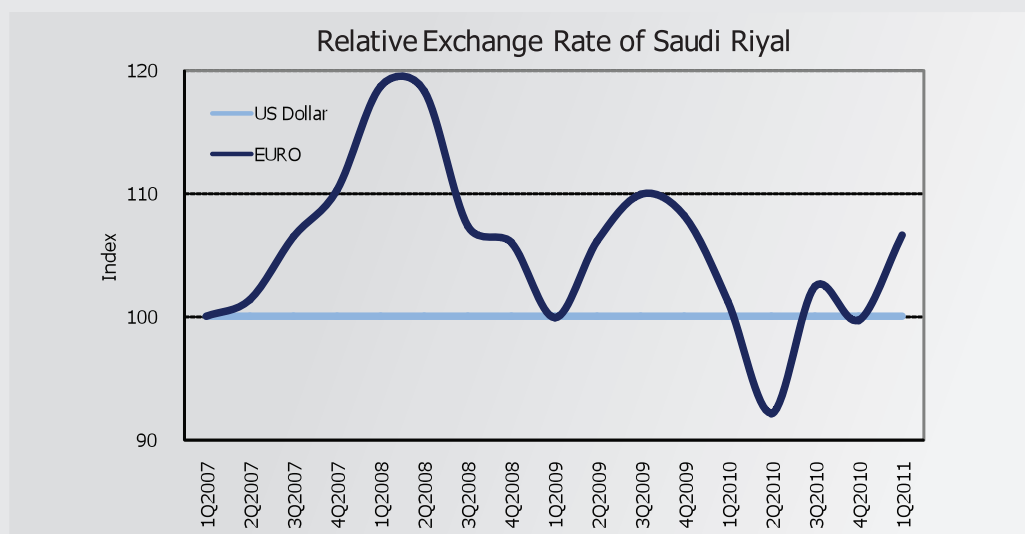
EURO is considered the second largest currency in terms of circulation and world acceptance, thus a possible recovery could reverse the current position.

European countries were prompt to arrest the situation of the crisis affected banking sector compared to that in the United States.

#### Negative factors

As the EURO is going through a difficult period due to the crisis in some European countries, further depreciation of EURO is possible despite the recovery in the recent past.

The economic recovery of Europe might take longer than expected.



Source: Saudi Arabian Monetary Agency reports / FALCOM Database