



الريان للاستثمار  
AL RAYAN INVESTMENT



20  
annual governance report  
22





His Highness  
**Sheikh Tamim bin Hamad Al-Thani**  
Amir of the State of Qatar



His Highness  
**Sheikh Hamad bin Khalifa Al-Thani**  
Father Amir





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## 1. Introduction

Corporate Governance is one of the cornerstones of Al Rayan Investment LLC (“ARI” or “the Firm”). The Firm’s good governance practices aim to protect the long-term interest of its shareholders, clients and other stakeholders and to promote business conduct in accordance with the international best practices.

ARI’s Corporate Governance Framework has been established in accordance with the Governance and Controlled Functions Rules 2020 (CTRL) of the Qatar Financial Centre Regulatory Authority (“QFCRA”) and the Governance Code for Companies and Legal Entities of the Qatar Financial Market Authority (“QFMA”).

ARI is fully committed to adhere to the principles of governance and to provide in full transparency complete and accurate information to its shareholders and customers and to adhere to the requirements of its regulators to issue the Annual Governance Report and present it to the shareholders of the Firm during the Annual General Assembly.

## 2. Corporate Governance Framework

Strong and effective corporate governance helps to cultivate a culture of integrity, leading to positive performance and a sustainable business, when founded on accountability, responsibility, fairness and transparency. As such, ARI’s corporate governance framework is made up of its Board, Board Committees, organizational structures, policies, procedures and controls and it includes:

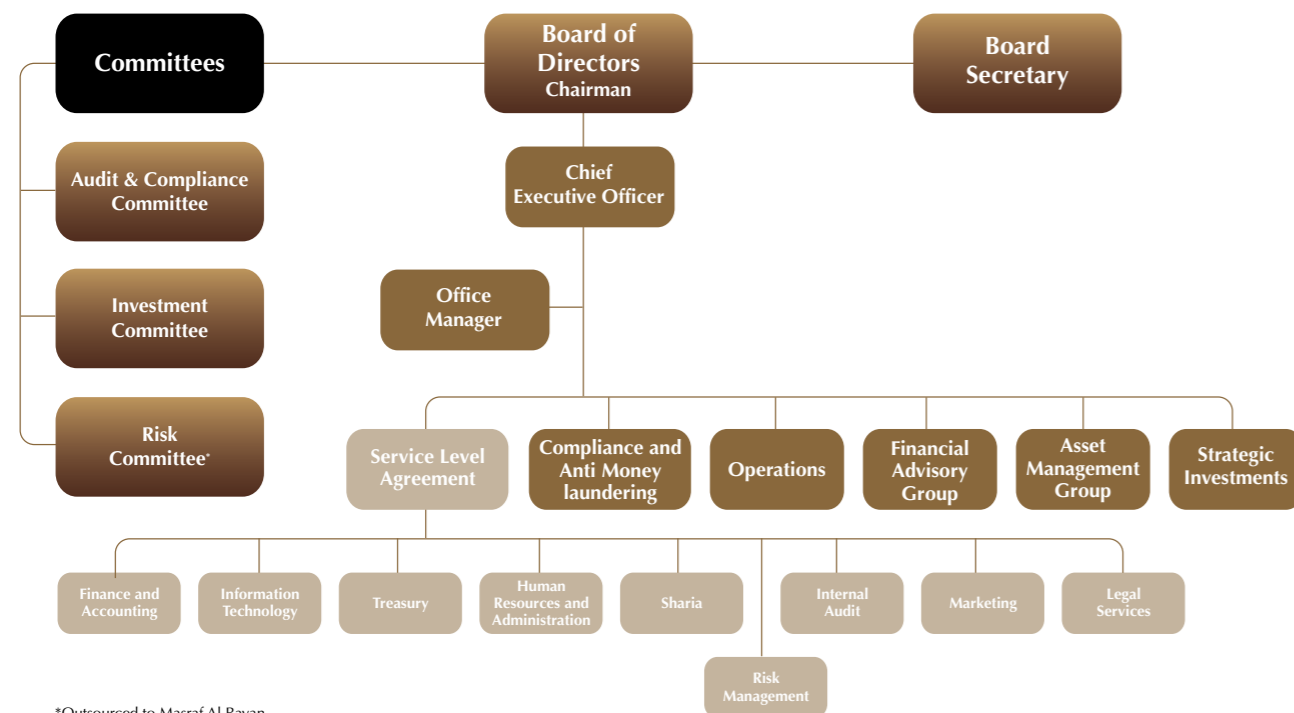
- the Firm’s risk management framework;
- its internal control and assurance functions;
- its business objectives; and
- the corporate governance rules in the applicable rules and regulations.

In 2022, the Corporate Governance Policy, the Board of Directors Charter and the Charters of the Board Committees have been reviewed, updated and approved, where needed to ensure compliance with the applicable rules and regulations.

The Board of Directors understands its responsibility in developing, implementing and maintaining a sound corporate governance culture in order to promote well-managed and accountable decision making at all levels of business. The implementation of the governance principles is driven by a qualified Board of Directors aided by an experienced Executive Management.



## ARI Organizational Chart



\*Outsourced to Masraf Al Rayan

## 3. The Board of Directors

### 3.1. Responsibilities

The Board of Directors is entrusted by the Shareholder to oversee the operations and performance of the Firm and provide effective governance over its key affairs. The Board of Directors' responsibilities are defined in the Firm's Articles of Association, Board of Directors Charter and the Corporate Governance Policy and include, but are not limited to, the following main responsibilities:

#### A. Corporate Governance

1. Ensure adequate corporate governance policies and mechanisms are adopted and implemented across the Firm.
2. Ensure the existence of a full disclosure framework as to achieve justice and transparency and to prevent conflicts of interest.
3. Ensure adequate qualifications, experience and professional performance criteria of the CEO and key Executive Management officers.
4. Review and approve the Firm's organizational structure on periodic basis to ensure proper distribution for the functions, tasks & responsibilities.

5. Design and establish an adequate succession plan for the Board and Senior Executive Management of the Firm.
6. Approve the annual Corporate Governance report in accordance with regulatory requirements for submission to the General Assembly and QFCRA.
7. Ensure existing of Conflict of Interest Policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, Senior Executive Management and shareholders, with an appropriate monitoring process is in place.

#### B. Strategic Decisions and Planning

1. Approve and oversee the implementation of the Firm's strategic objectives.
2. Approve the Firm's Annual Budget and Business Plans and ensure that it is in line with the long-term strategy and changes in the economy, market, and regulatory environments.
3. Approve the Firm's risk appetite, risk management framework and monitoring aggregate risk exposures.

4. Set and develop strategies, plans, objectives and main policies for the Firm.
5. Approve the capital expenditures budget of the Firm and any changes thereto during the fiscal year.
6. Approve the risk management strategy of the Firm as well as the overall Risk Appetite and Portfolio Strategies.
7. Set the strategic aims and ensure that the necessary financial and human resources are in place for the Firm to meet its objectives.
8. Approve the Firm's financial statements.

#### C. Oversight, Control and Supervision

1. Oversee the Firm's Senior Executive Management through the BOD committees as part of the Firm's checks and balances and discuss their reports on important issues raised.
2. Ensure the implementation of a system of internal control including internal audit, compliance, risk management and financial control as well as a framework to assess Internal Controls over Financial Reporting (ICOFR).
3. Ensure the Firm effectively takes into consideration the comments raised by Internal Audit, Compliance, Risk Functions and External Auditors.
4. The Board will have an oversight role on the proper design and monitoring of the internal controls, pertaining to combatting financial crime requirements including money laundering and terrorism financing, sanction programs, fraud, tax etc. and receive/consider annual report of the MLRO as stipulated by relevant laws and regulations.

#### D. Performance Evaluation

1. Make sure the Firm maintains and enforces appropriate awareness programs necessary for spreading the culture of self-control and risk management.
2. Put in place a self-assessment mechanism to evaluate the performance, competence and effectiveness of the Board and the BOD members, consider and incorporate the feedback received related to the performance of the Board.
3. Conduct the CEO's and Senior Executive Managements performance appraisal on an annual basis.
4. Monitor and evaluate the performance and risks of the business strategy.

#### E. Stakeholder Management

1. Assume responsibilities towards shareholders and other stakeholders and related parties within the Firm and the community at large.
2. Develop a policy that regulates the relationship among the Stakeholders in order to protect them and their respective rights.
3. Such policy shall include indemnifying mechanisms of the Stakeholders, set out suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
4. Develop a clear policy for contracting with Related Parties.
5. Oversee the preparation of the General Assembly agenda and related material; such as the audited financial statements, reports of the Board and CEO, and voting/ attendance administrative matters.
6. Provide the General Assembly, whenever it is held, to make a strategic decision, the necessary recommendation to take into consideration the benefit of the Firm and minor shareholders.

### 3.2. Composition

In accordance with the the Corporate Governance Rules and where Masraf Al Rayan is the sole shareholder, ARI's Board is composed of:

- **Mr. Nasser Jarallah Saeed Jarallah Al Marri**  
Chairman – Dependent Non-Executive
- **Sheikh Saoud A. Rahman H. A. Al Thani**  
Vice Chairman – Independent Non-Executive
- **Sheikh Ali Abdulla K A Al Thani**  
Board Member – Independent Non-Executive
- **Mr. Mohammed Ismail M S Al Emadi**  
Board Member – Dependent Non-Executive
- **Mr. Khalid Abdullah K A Al-Attiya**  
Board Member – Dependent Non-Executive

### 3.3. Role of the Chairman

The Chairman is the president of the Firm and he represents it before other parties and judiciary. The Chairman is primarily responsible, among other things, for ensuring the proper management of the Firm in an effective manner to achieve the best interests of ARI and its shareholders.

The responsibilities of the Chairman are detailed in the Board of Directors Charter and below are some of his main responsibilities:

1. Ensuring that the Board discusses all the main issues in an efficient and timely manner;
2. Approving the agenda of the Board meeting taking into consideration any matter proposed by any other Board member;
3. Encouraging all Board members to collectively and effectively participate in dealing with

the Board affairs for ensuring that the Board is working with its responsibilities to achieve the best interest of the Firm;

4. Creating effective communication channels with shareholders and making their opinions heard to the Board;
5. Allowing effective participation of the Non-Executive Board Members in particular and promoting constructive relations between Executive and Non- Executive Board Members;

### 3.4. Importance of Independence

In order to foster independent decision-making and to mitigate any conflict of interest that may arise, ARI appointed two independent Directors to the Board who also brought different and relevant expertise to the Board's discussions.

### 3.5. Frequency of meetings

The Board held four meetings in 2022 as listed below:

Meeting dates:

1. 24 January 2022.
2. 7 July 2022.
3. 13 September 2022.
4. 5 December 2022.

The minutes of meetings are prepared by the Board Secretary and a draft is sent to all the Board Members for their comments. The final minutes are signed by the Chairman on behalf of the Board, and the Board Secretary.

### 3.6. Board Secretary

On 7 July 2022, the Board of Directors of ARI has appointed Mrs. Mariam Kamaledine as the Board Secretary and Secretary of the Board Committees under Resolution No. 3.2/2/2022. The Secretary supports the Board in effectively meeting its obligations by taking and dispatching without delay minutes that reflect accurately the proceedings of the Board meeting and ensures that all records in this regards is kept in a safe place.

### 3.7. Annual Evaluation

In Compliance with QFCRA's Governance and Controlled Functions Rules and international best practices, the Board of Directors completed their annual self-assessment for 2022, from a collective standpoint as well as individually.

The purpose of the annual evaluation is, in addition to complying with the QFCRA's and QFMA's regulations, to ensure the continuous improvement of the Board performance while discharging its responsibilities and assess the effectiveness of the governance practices and procedures in order to make any necessary improvements, where needed.

The results showed that the procedures and mechanisms in place at the level of the Board and its Committees are effective and there are no major concerns in this regards.

## 4. Board Committees

In order to increase the efficiency of the Board's supervisory responsibilities over the Firm, the Board of Directors of ARI has established committees, which are delegated specific responsibilities.

The Board has formed two Board Committees:

1. Audit and Compliance Committee; and
2. Investment Committee.

As for the Risk and Policies Committee, and in accordance with ARI's Corporate Governance Policy, in the absence of such Committee, MAR Risk department provides the services of this Committee, under a Service Level Agreement (SLA). MAR Risk department's review will then be provided to ARI Board of Directors for their approval.

Due to the size, nature and complexity of ARI, the Board has not established a Nomination and Remuneration and in the absence of such Committee, the Board of Directors will take all decisions related to remuneration and nomination.

Each Committee has detailed and specific roles, duties and authorities as determined by the Board and captured in the Committees Charter that is approved by the Board.

### Audit and Compliance Committee

#### Members:

**Sheikh Ali Abdulla K A Al Thani**  
Chairman of the Committee

**Sheikh Saoud A. Rahman H. A. Al Thani**  
Member

**Mr. Mohammed Ismail M S Al Emadi**  
Member

#### Main Responsibilities

1. Overseeing, and reviewing the accuracy and validity of the Firm's financial statements and the yearly, half-yearly reports. Discussing these statements with SEF and External Auditor before approving the same and submitting them to the board for final approval;
2. Reviewing the Firm's dealings with the Related Parties, and making sure whether such dealings are subject to and comply with the relevant controls;
3. Assist the Board in fulfilling its oversight role regarding establishment and maintaining effective Corporate Governance policies and procedures;
4. Reviewing the effectiveness and adequacy of internal controls, overall risk management and control, financial reporting systems, and best accounting and financial practices;
5. Reviewing the financial and accounting policies and procedures of the Firm and expressing an opinion and recommendation to the Board on this regard;

6. Responsible for all issues regarding the Internal Audit and making recommendation to the Board regarding the selection, appointment and termination of the CIA. It is responsible also for allocating the budget and the assessment of the Internal Audit staff;
7. Review Investigation or special project reports carried out by Internal Audit;
8. Reviewing reports of the Internal Audit, External Auditor, supervisory authorities;
9. Follow-up the necessary corrective actions taken to address violations identified by auditors, and set controls required to avoid violations in future;
10. Ensure independence of External and Internal Auditors and Compliance;
11. Approval of Compliance Manuals in coordination with Compliance Department within the Firm;
12. Approve an Annual Compliance Plan; and
13. Review the annual MLRO report provided by the compliance department

The Committee held two meetings in 2022 as listed below:

#### Meeting dates:

1. 31 August 2022.
2. 27 November 2022.

The Chairman of the Board is not a member of the Audit and Compliance Committee.







### Investment Committee

#### Members:

**Sheikh Saoud A. Rahman H. A. Al Thani**  
Chairman

**Mr. Nasser Jarallah Saeed Jarallah Al Marri**  
Member

**Mr. Mohammed Ismail M S Al Emadi**  
Member

#### Main Responsibilities

1. Approve and amend ARI's Investment Manual/Policy which details all risk limits (investments related) which shall include investment guidelines and asset allocation targets and prohibited investments;
2. Authorize the ARI Strategic Investment Committee to take investment decision in relation to ARI Sukuk and Public equity investments.
3. Review and approve (where applicable) investment transactions in line with set limits for single transaction and/or cumulative during the year. These limits are provided in the Investment Manual/Policy;
4. Oversee management's administration of ARI's investment portfolios to ensure compliance with the Investment Policies and best practices;

5. Evaluate investment performance based on a comparison of actual returns with expected returns, and with such other benchmarks as the BOD may select. The evaluation will take into account compliance with investment policies and guidelines and risk levels assumed;
6. Review periodic analysis and reports from management on each investment and group of investments as a portfolio;
7. Report directly to the BOD at each scheduled Board meeting to update the BOD on investment decisions, policies and investment performance; and
8. Approve all transactions within delegated limits but also recommend for Board's approval any deals above its delegated limit.

The Committee held two meetings in 2022 as listed below:

#### Meeting dates:

1. 18 October 2022.
2. 27 November 2022.

## 5. Executive Management

Although the Board has the ultimate responsibility for the Firm's governance, the Board delegates the day-to-day management of the Firm to the Chief Executive Officer who is assisted by the Executive Management.

The Executive Management is composed of the Firm's senior employees headed by the CEO, who implement the processes and procedures in accordance with the policies and strategies approved by the Board and contribute to the implementation of a sound governance framework.

ARI's Executive Management is composed of:

#### Mr. Haithem Katerji Chief Executive Officer

Haithem has over 24 years in Financial Services in the Middle East and North Africa region. Since his appointment at ARI in September 2013, Haithem's objective was to set the strategy and direction of the Firm through crafting its culture and building a senior executive team and managing the day-to-day operations. Prior to joining ARI, Haithem was the Head of Financial Institutional Group, Strategic Client Coverage for MENA & Turkey at Standard Chartered Bank and before that he was Senior Director, Head of FIG Advisory at HSBC Bank Middle East. During his Investment Banking career, Haithem has been involved in managing, restructuring and setting up of Financial Institutions and related businesses as well as advising clients on strategic initiatives, investments, capital raising, funding and restructuring, locally, regionally and internationally.

Haithem has a B.S. in Business with concentration in Finance and Accounting and a Master's Degree in Business Administration from the Lebanese American University.

#### Mr. Akber Khan Senior Director, Asset Management Group

Akber has more than 25 years' experience in the investment industry. He is a Senior Director, Asset Management Group and has been with ARI since 2009, with overall responsibility for the management of client portfolios. Prior to ARI, Akber was at Deutsche Bank in London for more than 11 years, in European and emerging markets equities. Akber graduated from University College London in Economics & History. In each year since 2013 he has been in MENA Fund Manager Magazine's 'Power 50' list of the most "influential, innovative and powerful people" in the regional industry. Akber has lived in Doha, Dubai, Frankfurt, Karachi and London.

#### Mr. Lalit Chandak Associate Director, Financial Advisory Group

Lalit joined ARI in 2018 in the financial advisory division and is involved in deal origination and execution, including idea generation, valuation, due diligence, transaction structuring and finalizing transaction

documents. He has 12 years of investment banking experience, including 7 years in HSBC Global Banking, where he worked in multiple offices including Calgary, London, Dubai and Singapore. He has advised on several transactions exceeding more than USD 10bn in transaction value. Lalit is a CFA Charter holder and has an MBA from Indian Institute of Management, Indore (IIMI).

#### Mr. Vishal Saxena Head of Operations

Vishal has more than 18 years of experience across various fields of accounting and operations. He has been with ARI since 2011. Vishal is responsible for operational set-ups of various client's / fund's portfolio, client's reporting, etc amongst other functions. Prior to joining ARI, Vishal has worked with various prestigious organizations like Vision Investment Services, Northern Operating Services Private Ltd, a subsidiary of Northern Trust, HSBC – Kolkata, Syntel Sourcing Pvt Ltd, and has been awarded as the best employee in his previous organization. Vishal is a commerce graduate and has completed the Intermediate examination of the Institute of the Chartered Accountants of India.

#### Mrs. Mariam Kamaleddine Senior Manager, Head of Compliance and AML

Mariam has more than 8 years of broad experience in both the legal and compliance fields in areas such as Compliance, Anti-Money Laundering, Risk Assessments, KYC and Due Diligence. Her experience covers compliance within the financial sector. She holds a certificate in AML from QFBA, Level 3 Award from CISI in Global Financial Compliance, and certificates in Investment Operations and International Introduction to Investment from CISI. She is also a Certified Anti-Money Laundering Specialist (CAMS).

## 6. Internal Controls and Assurance

ARI has established an internal controls and assurance framework composed of the following functions:

- The Risk Management Function;
- The Compliance Oversight Function; and
- The Internal Audit Function.

The internal controls and assurance framework provides reasonable assurance on the effectiveness and efficiency of the Firm's operations, the reliability of its financial reporting and the extent of its compliance with applicable laws and regulations.

The internal controls and assurance framework ensures that:

- the Firm's business is conducted efficiently;
- the Firm's assets are safeguarded;



- fraud and other unlawful acts are prevented or detected;
- risk is managed effectively;
- the Firm's financial records are accurate and complete; and
- the preparation of the Firm's financial statements is timely.

### 6.1. Risk Management

Risk Management is fully independent from the commercial lines of business. ARI outsourced Risk Management function to the parent company MAR. The Risk Manager reports directly to the Chief Executive Officer with an indirect reporting line to the Board.

ARI risk management framework includes a set of policies and procedures approved by the Board and aligned with Company's strategy and business model. ARI's risk profile and appetite are approved by the Board and then cascaded down to every division, department and employee.

The main responsibilities of Risk Management are to manage credit & counterparty risk; market & liquidity risk; information, cyber & physical security risk; enterprise risk; operational risk, business continuity, and fraud risk; and to ensure compliance with risk-related QFC regulations.

The Risk Manager identifies, measures and proactively manages risks relating to ARI activities, processes and systems.

The Board of Directors assumes the responsibility of risk oversight, hence, there is no separate Risk Committee delegated by the Board. The Board is responsible for approving the risk management framework and ensuring it is reflected in the policies and procedures. It also evaluates and oversees ARI's risk profile in coordination with the Chief Executive Officer and the Group Risk Committee or relevant bodies.

### 6.2. Internal Audit

Design and implementation of internal control framework is the responsibility of the Management of ARI. Internal Audit (IA), acting as a third line of defence, provides an independent assurance on the effectiveness of the implemented internal control framework. This arrangement, of in-compatible responsibilities, ensures that the ARI always remains in control.

The IA plays an essential role in evaluating the effectiveness of risk, control and governance frameworks across ARI, by conducting risk-based audits by highly specialized internal audit teams. The IA provides an independent and objective assurance to the Board of Directors and the Management on the design and operating effectiveness of the Firm's corporate governance, risk management, and internal

control frameworks. The IA continuously promotes the awareness on risks and controls, provides advice on developing control solutions, and monitors corrective actions, thereby safeguarding the ARI's assets.

Furthermore, IA also advises on various business initiatives assumed by the Management. At the request of the Board or the Management, IA also undertakes special audit engagements, including ad-hoc assignments and investigations. In order to ensure its independence and objectivity, the IA routinely assesses impairment issues while providing advisory and consulting services to the Board and the Management.

#### Assurance Services

IA is responsible for independent audit and assurance engagements covering all of the Firm's departments, and activities. Its purpose is to provide an independent assurance service to the Board of Directors through the Audit Committee on the effectiveness of the Firm's governance, risk management and control processes. In compliance with QFCRA's and QFMA's rules and regulations, and the Institute of Internal Audit guidelines, the IA has developed a Risk-Based-Internal-Audit Approach (RBIA). The RBIA directs the IA in prioritizing and allocating resources to business areas where they are most required.

Follow-up of audit findings as per the Management Implementation Agreement is a continuous and robust exercise, and an update is regularly communicated to the Audit Committee and the Firm's Senior Management reflecting the latest information on open and overdue issues.

As part of the IA's core process, an Internal Quality Assurance exercise is undertaken over the audit work performed, as well as prior to the issuance of each audit report.

As at 31 December 2022, IA successfully completed all the audit engagements out of the approved audit plans for ARI.

#### Consultancy Services

IA's regular interaction with the Management and the extensive review of various areas across the Firm's activities puts us in a unique and valuable position and enables us to help the Firm improve its systems and processes through consultancy services.

As at 31 December 2022, IA provided consultancy services, including ad-hoc assignments and investigations as part of the Audit Charter. The nature of consultancy services varies, and the IA has issued several recommendations to critical functions of the ARI on areas and activities that require additional focus and attention ranging from addressing various incidents to covering emerging risks and its



impact on the overall. As an independent reviewer, IA also conducts reviews of new and amended policies in a consultant capacity. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

#### IA Framework

The IA's conduct and operation are in accordance with the:

- Laws and regulations and international practices including but not limited to QFCRA and QFMA rules, Basel and IIA guideline.
- Terms of Reference of the Audit Committee of the Board of Directors.
- Internal Audit Charter approved by the Audit Committee of the Board of Directors.
- Internal Audit Policy and Instructions Manual approved by the Audit Committee of the Board of Directors.

As an independent function, the IA has adequate authority within ARI, as stipulated by the Audit

Charter. The Audit Charter grants the IA unrestricted access to all records, data, systems, and personnel of ARI for audits and related assignments.

IA fully adheres to the International Professional Practices Framework (IPPF) and the Code of Ethics issued by the Institute of Internal Auditors (IIA), as well as Basel Committee recommendations and other leading standards.

### 6.3. Compliance

The Board of Directors and the Executive Management set the tone from the top in relation to ethical conduct and compliance where all employees are continuously made aware of their responsibilities, obligations and limitations within the Firm.

ARI had insourced the Compliance and AML function in 2022 after being outsourced to MAR since inception. The Compliance and AML function identifies, assesses, advises on, monitors and reports on the Firm's compliance risk.

The compliance oversight function includes:

1. Monitoring and assessing the adequacy and effectiveness of the Firm's compliance policies and procedures;





2. Participating in the process of approving new products or significant changes to existing products;
3. Monitoring and assessing the extent to which it complies with those policies and procedures;
4. Monitoring and assessing the adequacy and effectiveness of measures taken to correct any deficiencies;
5. Maintaining and updating the Firm's compliance policies and procedures in conjunction with the Firm's senior executive function and senior management;
6. Providing advice and support to the Firm's senior executive function and senior management about compliance issues.

ARI's compliance officer continually monitors and assesses ARI's operations and activities from a Compliance perspective, exerting additional efforts to ensure high levels of compliance with QFCRA's and QFMA's regulations.

The compliance officer, who reports directly to the Board of Directors via the Audit and Compliance Committee and to the CEO is empowered to cover compliance issues of all of ARI activities and is given unrestricted access at any time to all information, records, staff, property and operations. In addition, the Compliance Oversight Function has the right to conduct investigations of possible breaches to carry out its role and responsibilities in the most effective and efficient manner.

During 2022, ARI updated a number of its policies and procedures, including but not limited to, the following:

- Anti-Money Laundering Policy;
- Compliance Policy and Procedures;
- Investment Management and advisory Policy;
- Fraud Prevention Policy;
- Compliance Monitoring Programme;
- Whistleblower Protection Policy; and
- Client Verification Policy

ARI has an Anti-Money Laundering and Combating Terrorism Financing (AML/CFT) framework, which aims to combat financial crimes in all its forms.

ARI also implements a Compliance Monitoring Programme to monitor compliance across the Firm and develop a strong compliance culture. The Compliance department updates the Compliance Monitoring Programme frequently to be in line with the latest regulatory requirements and best practices.

ARI conducts an induction AML/CFT training to its new employees and a refreshment training on combating Financial Crime once every year. In 2022, ARI conducted a training on Combating Financial Crime to all of its employees.

## 7. Core Activities

Al Rayan Investment LLC (ARI) is the investment arm of MAR. It is a fully owned subsidiary of MAR incorporated and authorised by the Qatar Financial Centre, with capital of \$100 million.

During 2022, building on the success of previous years, ARI managed to further strengthen its ties with its clients and expand its reach. This was achieved by building on the Bank's vision of being the region's leading Shari'a-compliant investment bank and asset manager. ARI remains committed to continue developing its product offering to link the real economy with Islamic finance and establish an investment-banking platform in Qatar and the neighbouring markets with more focus on asset management and advisory businesses.

ARI has three main business lines:

### 1. Asset Management Group

Asset management delivered another year of exceptional growth through a combination of winning fresh mandates from new investors and achieving well above average investment returns. These efforts were again acknowledged by industry peers and ARI was recognised as 'Qatar Asset Manager of the Year' and 'ETF Provider of the Year' for the fourth consecutive year at Global Investor magazine's 2022 MENA awards ceremony. In addition, ARI was awarded 'Sharia Manager of the Year' for the second time in three years. Global Investor is a Euromoney publication focused on the asset management industry.

### 2022 Market Snapshot

After a strong start to 2022, Gulf equities were boosted by the Ukraine war, which led to soaring prices of commodities exported by the region. Over the first seven months of the year, four of the Gulf's equity markets were among the ten best performing in the world, supported by unprecedented buying from international investors (net buying over 2022 was in excess of \$20 billion).

However, a reversal followed as Chinese economic growth dropped on renewed Covid-19 lock-downs and global sentiment soured on expectations of a recession in 2023. In the second half of 2022, the Saudi stock market dropped more than 9%.

Despite this volatility, ARI was awarded mandates by several new institutional clients and overall assets under management ended the year at approximately QAR 4.5 billion.

ARI's Money Market offering gained further traction with institutional investors. While local short-term debt instruments are scarce, this product mimics a traditional money market fund by offering significantly higher returns relative to call deposits, while offering daily liquidity, and taking no market risk.

### Global Sukuk

In 2022, ARI enjoyed further growth in its sukuk execution offering, attracting new institutional and individual investors. Sukuk purchased for investors are held in custody by ARI. Investors frequently highlight the quality of ARI's execution, which is key to gaining new investors.

### Listed equities

ARI's investment focus for public equities remains the Gulf. Equities' segregated mandates for institutional investors and family offices account for a large proportion of overall assets under management. Despite very significant market volatility, ARI generated record performance fees in 2022.

### Managed Funds

ARI is the Fund Manager of three QCB regulated funds, of which the Al Rayan Qatar ETF and the Al Rayan GCC Fund are the largest.



### Al Rayan Qatar ETF (QATR)

- Listed on the Qatar Stock Exchange, Al Rayan Qatar ETF (QATR) tracks the performance of the QE Al Rayan Islamic index (an index of Sharia-compliant, Qatari equities). With assets of more than QAR 500 million at end-2022, QATR is one of the world's largest Sharia-compliant, equity exchange traded fund (ETF). A Total Expense Ratio (TER) of 0.50% makes QATR among the most cost efficient single-country ETFs across emerging markets. The ETF pays an annual cash dividend in the second quarter of each year. During 2022, the ETF's average daily trading volumes rose, helping to attract new institutional investors.

### Al Rayan GCC Fund

- The flagship Al Rayan GCC Fund invests in Gulf listed equities and sukuk, and with assets north of QAR 330 million, remains one of the largest regional, Sharia-compliant GCC funds. In 2022, this absolute-return fund delivered 11% total return, including a dividend of 3.8%. For context, Saudi Arabia, the region's largest equity market, fell more than 7% during 2022. At the discretion of the fund manager, the fund is expected to pay dividends semi-annually (January and July). The fund's very strong performance helped boost subscriptions in 2022, from individual and institutional investors.

## 2. Financial Advisory Group

The recovery from the pandemic continued in 2022 and a significant number of private companies sought to access the capital markets by listing, follow-on offering or through sukuk transactions. While certain parts of the economy may not have the rapid growth that was experienced for a few years leading up to the 2022 World Cup, the strength and bright prospects of Qatar economy are apparent by the demand for equity and fixed income securities of Qatari companies. Catering primarily to its Qatari client base, ARI was engaged in several transactions in 2022, including acting as financial advisor to Lesha Bank (formerly Qatar First Bank) on its successful follow-on offering. ARI made significant advancements in several other transactions that it is executing and it is expected that these listing, follow-on offering and sukuk transactions will be executed in first half of 2023.

We remain focused on assisting our Qatari clients with their local and cross border transactions and acting as their trusted advisor in their strategic initiatives. Driven by the LNG expansion and government-led tourism initiatives, sporting events and other initiatives, the economy of Qatar is expected to remain strong in the long term and we will remain very active in supporting our clients in their financial advisory needs.

## 3. Strategic Investment

Focusing on its continued growing equity base, ARI invests its capital in a conservative way to secure good returns on low risk investments.

In 2022, ARI invested its capital in 2 key asset classes which are, fixed income (sukuk) and cash. With the increase in the interest rate environment, it was wise to keep the majority of investments in cash. As for the other asset classes, we remain open to invest in lucrative opportunities across various asset classes.

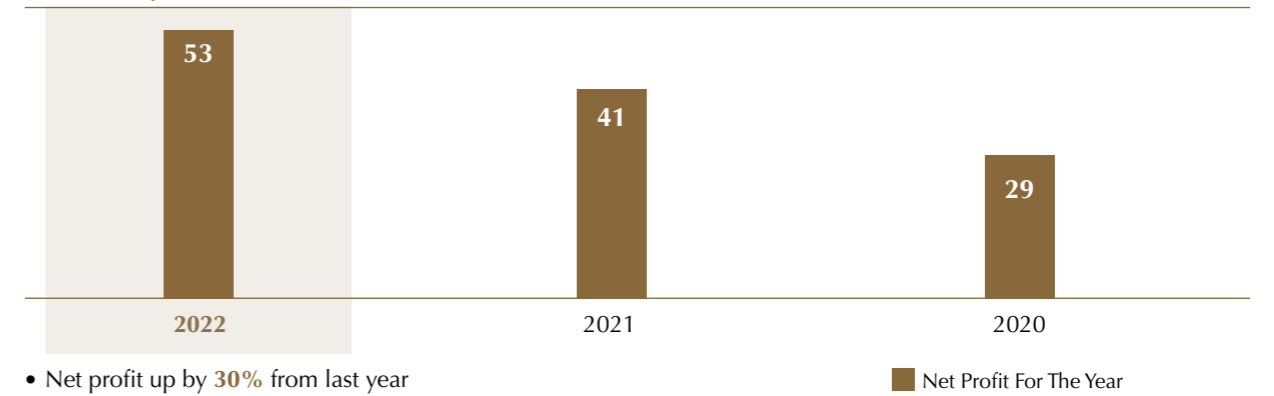
Our Investment Book as of 31 December 2022 was:

Sukuk/HTM	162,184,275
Cash	418,143,087
<b>Total (QAR)</b>	<b>580,327,362</b>

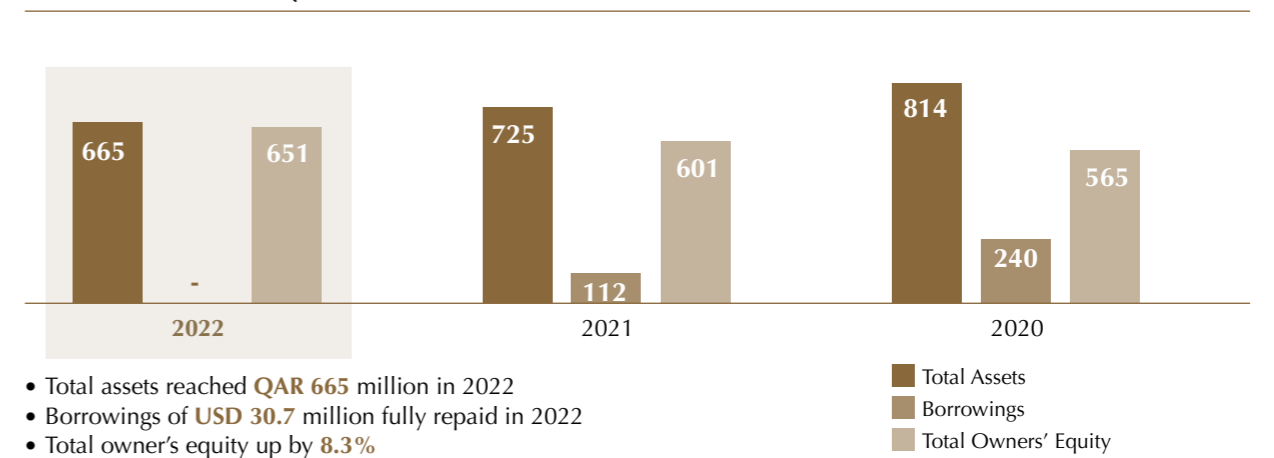
## 8. Financial Highlights

In QAR million	2020	2021	2022
Total Operating Income	53	62	79
Net Profit for the Year	29	41	53
Total Assets	814	725	665
Borrowings	240	112	-
Total Owners' Equity	565	601	651
Assets Under Management	4,047	4,831	4,846

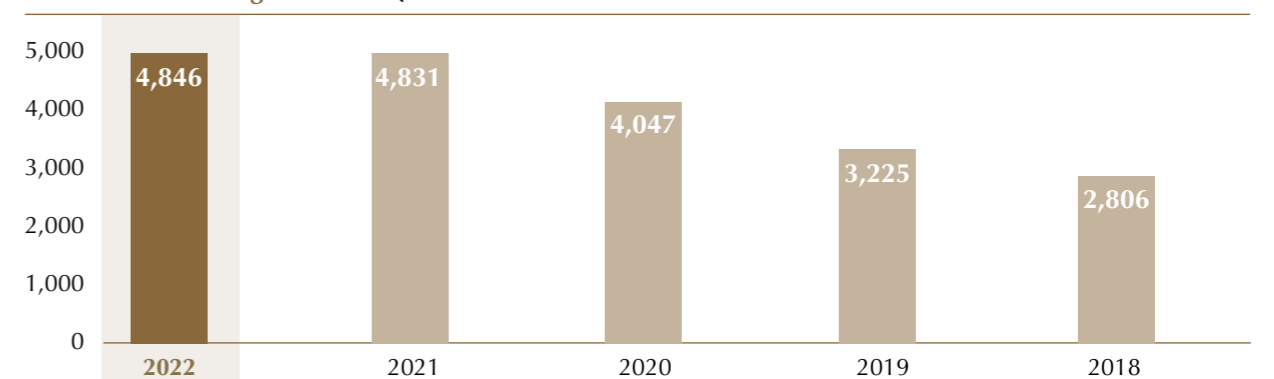
### Profitability - In QAR million



### Financial Position - In QAR million



### Assets Under Management - In QAR million



- AUM closed at QAR 4.8 billion at the end of 2022



## 9. Shari'a Supervisory Board

As at 31 December 2022, the Sharia Supervisory Board (SSB) consisted of the following scholars:

**His Eminence Sheikh Dr. Walid bin Hadi**  
Chairman

**His Eminence Sheikh Dr. Mohamed Ahmeen**  
Member

**His Eminence Sheikh Dr. Sultan Ibrahim Sultan Khalifa Al Hashemi**  
Member

The work of ARI's SSB includes reviewing contracts, answering Shari'a questions, and developing solutions to challenges that may appear upon implementation. The SSB also directly supervises ARI's activities and business and ensures the correct implementation of SSB decisions, as well as ensuring the correct implementation of banking operations in accordance with Shari'a provisions.

The SSB carries out its operations and submits an annual report for each financial year to the General Assembly at its annual meeting.

### Sharia Audit

The Shari'a Audit Department reports directly to the Shari'a Supervisory Board. Sharia Audit's main responsibilities include acting as a link between the Senior Management and the Shari'a Supervisory Board by relaying the former's inquiries, clarifications, new products, contracts, agreements and investment funds to the Shari'a Supervisory Board to obtain approvals, instructions and fatwas, and run audits on the correct implementation according to the Shari'a Board's instructions and fatwas.



## 10. Statement of Compliance

### 10.1. Introduction


In accordance with Part 3.4 of Chapter 3 of QFCRA's Governance and Controlled Functions Rules 2022 (CTRL), ARI is required to prepare, maintain and publish a written statement as to the extent to which it has complied with the applicable requirements of Chapter 3 of the CTRL rules and give a copy of this statement to QFCRA.

### 10.2. Compliance Statement

The Board of Directors of ARI is pleased to report that during the year ended 31 December 2022, the Firm has been in compliance with the clauses of Chapter 3 of the CTRL except for:

- **Clause 3.1.16 Remuneration Policy:** ARI's governing body has not established a remuneration policy; however, remuneration arrangements are dictated in the contracts of the employees and in the Firm's HR Policy. The governing body has also established a pay scale approved by the Board, in addition to a Board remuneration recommended by the Board and the Senior Management of the Shareholder and will be presented to the AGM for approval.
- **Clause 3.3.8: Nomination, Remuneration and Risk Committees:** ARI has not established a Nomination and Remuneration Committees because, given the Firm's size, the Board did not consider it needed to establish a separate Board Committee for this purpose and accordingly the responsibilities of the Nomination and Remuneration Committees are carried out by the Board without any delegation. ARI has also received a waiver from QFCRA in this regards where QFCRA has tabled this matter in an RMP with ongoing monitoring. Also, given the size of the Firm, the Board did not consider it necessary to establish a separate Risk Committee and outsourced the responsibilities of this Committee to the Risk Management of its parent, MAR.
- **Clause 3.3.12: Audit Committee:** ARI's Audit and Compliance Committee was previously part of the Group audit and Compliance Committee of MAR; however, due to the merger between MAR and alkhali, the Board has established its separate Audit and Compliance Committee in July 2022, following the appointment of the new Board of Directors. Due to the delay in the appointment of the Board, the Audit and Compliance Committee could only meet twice in 2022.
- **Clause 3.3.14 Frequency of Meetings of the Board:** the Board of Directors of ARI met 4 times during 2022, however not at least every 3 months, due to the delay in the appointment of the new Board that only took place in July 2022.

  
**Haithem Katerj**  
Chief Executive Officer

  
**Nasser Jaralla Al Marri**  
Chairman of the Board



الريان للاستثمار  
AL RAYAN INVESTMENT