

# Al Rayan GCC Fund (F)

August 2011

AuM: USD 9.54 million

NAV/share: USD 0.951

**Overview:** Standard & Poor's downgrade of the US sovereign rating to 'AA' had a domino effect on markets globally leading to a sea of red in August. Gold's safe haven status was clear as it made new highs, jumping 13% to \$1,835. Investors also sought safety in US Treasuries with 2-year yields down to just 0.20%. The USD fell and global equities plunged with the US and Europe -6% and -14% respectively. Brent crude ended the month down 1% to \$114 but WTI fell almost 8% to \$89. Other commodities were weaker too but ethylene, urea and steel rose.

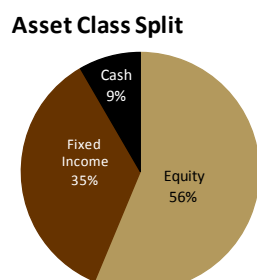
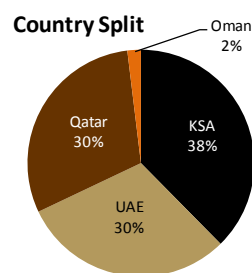
GCC equities, which had been relatively resilient in the last few months, took a cue from the global sell-off dropping 4.7% in August. Saudi Arabia (-6.5%) and Kuwait (-4%) underperformed, while Qatar, Oman and Abu Dhabi were about ½% lower. The fund's sukuk allocation continued to be a positive as fixed income remained resilient. Despite a catastrophic month, the fund eased just 2.2%.

**Outlook:** Credit flow is vital to GCC economies and equities and our focus areas of KSA, Qatar and the UAE remain positive.

The severe economic woes of industrial economies remain a negative backdrop for the GCC but policy makers in our focus countries continue to deploy their enormous wealth reserves. We used weakness in August to add to both our sukuk and equity positions as we retain a medium-term positive outlook for the region. We will retain our discipline to seek attractive entry opportunities for long-term winners.

Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV increase greater than 36%, over 3-years
Redemption Fees	0.25%
Lock-in period	18 months
Fund Duration	Open-ended
Founder	Masraf Al Rayan QSC
Fund Manager	Al Rayan Investment LLC
Regulation	Qatar Central Bank

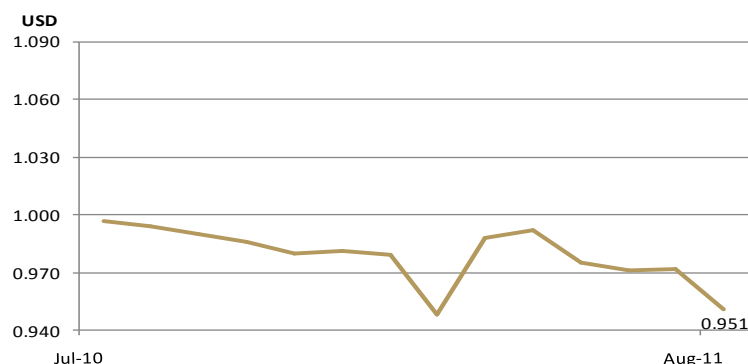
## Investments



Fund Indicators (Equity)	Aug 31
P/E 2011E	9.6x
P/BV	2.0x
Dividend Yield	4.5%
Average Market Cap (USD)	6.2bn

Fund Indicators (Fixed Income)	Aug 31
Average Maturity (Years)	0.88
Average YTM	5.3%

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	19.1%
Dar Al Arkan 2012	KSA	Fixed Income	12.0%
Barwa Real Estate	Qatar	Equity	10.2%
Etihad Etisalat	KSA	Equity	9.7%
Qatar Islamic Bank	Qatar	Equity	6.6%

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**Disclaimer:** Past performance is not an indication of future results. The value of investments can go up as well as down. Investors should consider carefully information contained in the Fund prospectus, including investment objectives, risks, charges and expenses. Please read the prospectus carefully before investing. An investment is neither insured nor guaranteed by the Bank nor any other government agency. Although the Fund seeks to preserve and grow the value of your investment, it is possible to lose money by investing in the Fund. If in doubt please seek independent professional financial advice.