



Sharī'a Fund Manager
of the Year 2012

Al Rayan GCC Fund (F)



January 2013

NAV/unit: USD 1.135

Performance YTD: 4.5%

Overview: January was the ideal start for global equities as discussion about the 'great rotation' (away from fixed income) began. Headlines improved: positive ECB comments, an end to US fiscal cliff worries, and data from the US (especially housing) and China. Selling of 10-year US Treasuries accelerated with the yield +22bp to 1.98%. S&P 500 (+5%) had the best January since 2007 reaching a 5-year high; the VIX ('fear' index) plunged 21% to just 14%. The Nikkei rose to a 3-year high after the new PM announced stimulus measures. EM equities were mixed but China +5%. Commodities mostly higher: Brent +5% (\$116), ethylene +12%, while gold -1% (\$1,663). The Euro surged 3% to 1.358 vs the USD.

GCC equities had a flying start led by Dubai +16% (after +20% in 2012) and Abu Dhabi +9.5%. Oman was the laggard at +0.8%. Last month we commented UAE results would impress and this indeed drove the rally, with banks particularly impressive. As with fixed income globally, GCC bonds fell with high grade, long duration hit hardest. New supply (Qtel, Dubai government, Emirates Airlines) traded down after issue.

Emaar, Mobily and Industries Qatar helped the fund most in January while Mouwasat, Savola and Nakheel 2016 sukuk were the key laggards.

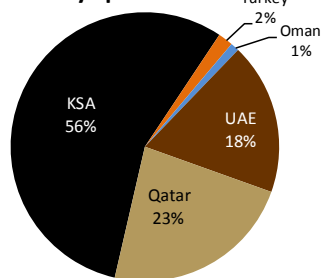
Outlook: Saudi companies (ex-petchems) delivered 15% YoY profit growth in Q4 as the economy continues to grow, led by non-oil. We see further strength in 2013. Interestingly, after over \$850m net selling of Qatar by foreign investor in 2012, \$135m has reversed in January alone. The UAE economy continues to improve rapidly but market sentiment may have got ahead of itself in the short term. We remain focused on generating bottom-up alpha.

Fund Facts

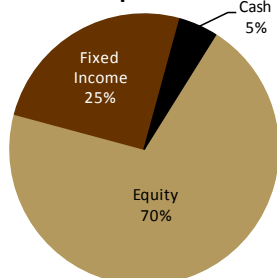
Asset class	Shari'a compliant GCC listed equities and sukuk
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV increase greater than 36%, over 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
Regulator	Qatar Central Bank
Bloomberg Ticker	ARYGCCF QD
Lipper ID	68048992
AUM (USD m)	12.5

Investments

Country Split



Asset Class Split



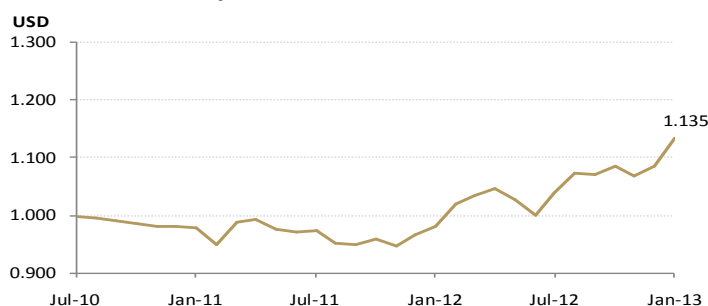
Fund Indicators (Equity)

Indicator	January 31
P/E 2013E	9.8x
P/BV 2013E	2.1x
Dividend Yield 2013E	5.7%
Weighted Market Cap (USD)	7.8bn

Fund Indicators (Fixed Income)

Indicator	January 31
Average Maturity (Years)	2.8
Average Yield to Maturity	6.7%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2015	KSA	Fixed Income	13.3%
Nakheel 2016	UAE	Fixed Income	9.9%
Etihad Etisalat (Mobily)	KSA	Equity	9.7%
Emaar Properties PJSC	UAE	Equity	7.3%
Industries Qatar QSC	Qatar	Equity	7.0%

	1 mth	3 mth	2010	2011	2012	Since Inception
Performance	4.5%	4.5%	-1.9%	-1.5%	12.4%	13.5%

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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.