

Al Rayan GCC Fund (F)

July 2011

AuM: USD 9.75 million

NAV/share: USD 0.972

Overview: The two main worries in June (Greece, US) intensified in July. The US political standoff caused global 'de-risking' towards the end of the month as the 2 August deadline approached. Global equities dipped further in to red with the US and Europe dropping 3%. The USD sell-off (not helped by a 25bp ECB rate rise) took gold to a new high of \$1,627. Oil bounced back to \$116, but ethylene fell 7%.

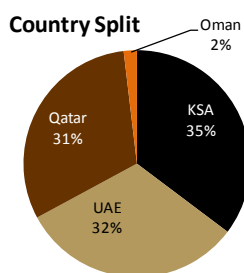
GCC equities fell an average of 2.4% in July with outperformance from Qatar (again) +0.8% and Dubai (flat). Despite this difficult environment, the fund gained 0.1% on the month. GCC sovereign CDS reversed some of their recent rally intra-month and ended largely flat. The fund's sukuk allocation continued to be a positive as fixed income remained resilient.

Outlook: KSA Q2 results showed a 29% YoY increase in profits justifying our bullish view. Key Qatari companies and Emaar have also reported encouraging results. Credit flow is vital to GCC economies and equities and our focus areas of KSA, Qatar and the UAE are all seeing steady growth.

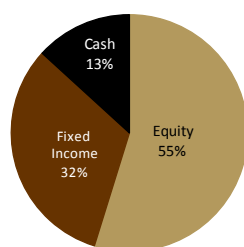
As we repeat often, the indebtedness of industrial economies will remain a threat to the global macro environment but the GCC's extraordinary wealth reserves and ambitious spending plans are set to drive growth. Market volatility is here to stay, the key remains identifying attractive entry opportunities for medium-term winners of these trends.

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



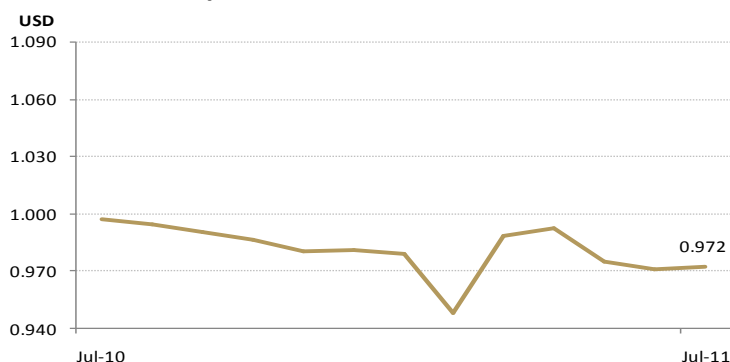
Asset Class Split



Fund Indicators (Equity)	Jul 31
P/E 2011E	10.0x
P/BV	2.1x
Dividend Yield	4.4%
Average Market Cap (USD)	6.8bn

Fund Indicators (Fixed Income)	Jul 31
Average Maturity (Years)	0.87
Average YTM	4.9%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	18.9%
Barwa Real Estate	Qatar	Equity	10.3%
Etihad Etisalat	KSA	Equity	9.6%
Dar Al Arkan 2012	KSA	Fixed Income	8.7%
Qatar Islamic Bank	Qatar	Equity	6.3%

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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.