

# Al Rayan GCC Fund (F)

July 2012

AuM: USD 11.2 million

NAV/unit: USD 1.040

**Overview:** After two poor months July ended better for risk assets but after much volatility. Ironically a weakening of global economic data and a spike in Spanish and Italian borrowing costs led to a rally in anticipation of action from the Fed and ECB at their meetings in early August. European equities +4%, US +1% while China -5.5% and India -1%. EURUSD -3% while oil rose (Brent +7%, WTI +3%) and gold +1% (\$1,614). US Treasuries rallied and 10-year bonds now yield just 1.47%.

GCC equities mixed in July but volumes recovered partly as the market reacted to Q2 results. Dubai +6%, driven by Emaar (+17%) ahead of results. KSA, Qatar & Abu Dhabi all up around 2%, but Oman -5.8% and Bahrain -2.5%. In last month's update we talked of our expectations of strong Q2 results in KSA and this has been the case; UAE companies have also done well so far while Qatar remains subdued. In the bond market, the highlight was the highly oversubscribed \$4bn State of Qatar issue. In addition, high yielding GCC bonds remain well bid. The fund's long standing position in Dar Al Arkan 2012 matured on 16 July.

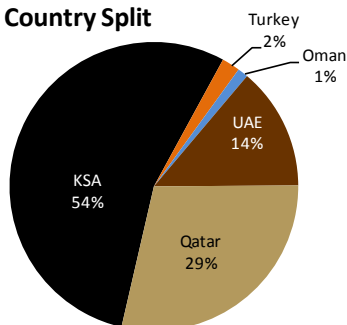
Emaar, Mobily and Industries Qatar helped July's performance the most while Nawras, Yamama Cement and Yanbu Cement were laggards.

**Outlook:** The fund's cash position has jumped from the proceeds of Dar Al Arkan 12. This has already been partly invested and we are focusing on high growth, domestic-focused KSA equities for further exposure.

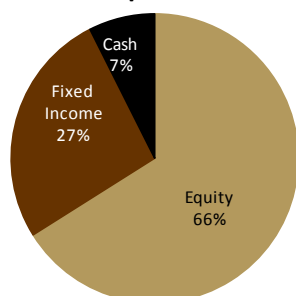
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV 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
Regulator	Qatar Central Bank

## Investments

### Country Split



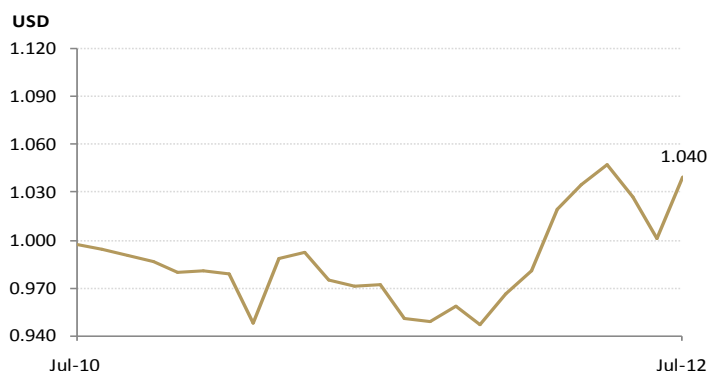
### Asset Class Split



Fund Indicators (Equity)	July 31
P/E 2012E	10.3x
P/BV 2012E	1.9x
Dividend Yield 2012E	5.0%
Average Market Cap (USD)	5.5bn

Fund Indicators (Fixed Income)	July 31
Average Maturity (Years)	2.3
Average Yield to Maturity	5.8%

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2015	KSA	Fixed Income	18.4%
Etihad Etisalat Co (Mobily)	KSA	Equity	11.3%
Barwa Real Estate Co	Qatar	Equity	9.2%
Industries Qatar QSC	Qatar	Equity	8.2%
Emaar Properties PJSC	UAE	Equity	6.6%