

Al Rayan GCC Fund (F)

May 2012

AuM: USD 11.0 million

NAV/unit: USD 1.027

Overview: As global uncertainty mounted in May so did fear and panic. Will Greece leave the Euro? If so, how bad will that be? Can China get its economy to bounce? What about the collapse in major EM currencies? Is the US rebound faltering? While the game of 'chicken' continues (Germany with Greece and Spain, the ECB with investors) risk assets plunged: key global equity markets fell 7-12%; USD surged 6-7% vs major developed and EM currencies; US, German and UK government bonds soared as yields hit record lows on 'flight to quality'; Brent -15% (\$102); gold -6% (\$1,567); copper -12%; and ethylene -22%.

In the GCC, Dubai (-10%) and Saudi (-8%) equities saw aggressive profit taking but are still +9% YTD; the other five markets eased 2%. Regionally, volumes have fallen sharply as we enter the summer slowdown but locals remain net buyers as foreign investors de-risk. GCC credit generally underperforms equities during global sell-offs but has been solid, helped by liquidity-rich, yield-hungry regional investors.

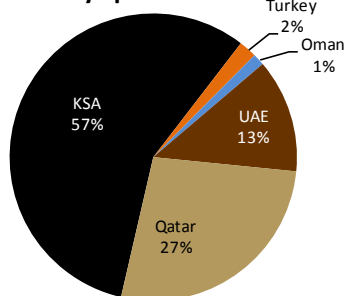
The fund fared far better than markets. Key positive movers were Dar Al Arkan 2015, Almarai, Dar Al Arkan 2012, and Aldar 2013 while Emaar, Mobily, Industries Qatar and QIMC held the fund back.

Outlook: Low GCC volumes combined with continued global worries will weigh on markets. We are focused on capital protection but also look to take advantage where medium-term value emerges.

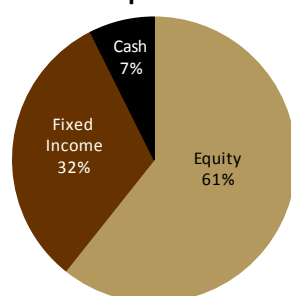
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV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



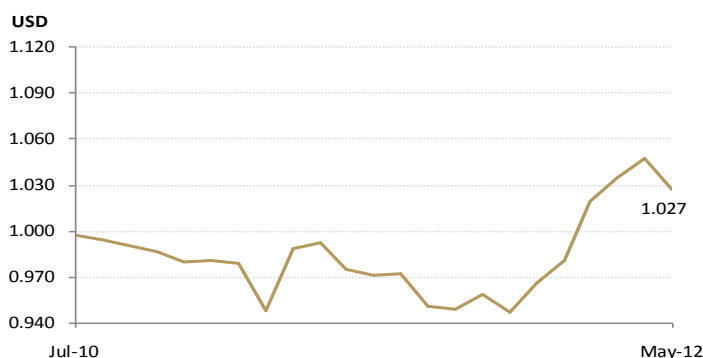
Asset Class Split



Fund Indicators (Equity)	May 31
P/E 2012E	10.4
P/BV 2012E	2.0x
Dividend Yield 2012E	5.1%
Average Market Cap (USD)	5.3bn

Fund Indicators (Fixed Income)	May 31
Average Maturity (Years)	1.4
Average Yield to Maturity	9.3%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2012	KSA	Fixed Income	13.4%
Etihad Etisalat Co (Mobily)	KSA	Equity	11.7%
Dar Al Arkan 2015	KSA	Fixed Income	10.5%
Barwa Real Estate Co	Qatar	Equity	9.2%
Industries Qatar QSC	Qatar	Equity	7.4%