

Al Rayan GCC Fund (F)

October 2011

AuM: USD 9.83 million

NAV/unit: USD 0.958

Overview: Markets continue to move in extremes. After one of the worst quarters for many years, October saw some risk assets posting record monthly gains as Europe appeared to have (temporarily) stepped back from the debt precipice as politics trumped economics and US economic data improved slightly. Equities spiked (S&P500 +11% on the month and now -1% YTD), risk currencies rallied (EUR +4% to 1.38), commodities joined in (copper +17%, Brent +8% to \$109) and CDS tightened (Greece 5 year tightened 40% to 3516bp).

GCC equities, having not suffered such a sharp sell-off, rallied relatively modestly: again our focus countries led, with Qatar +2.4% and KSA +1.8%. Dubai -1.7% to a 7-year low. However GCC sukuk which have more foreign ownership bounced back after an October sell-off. The fund benefitted from the better market conditions.

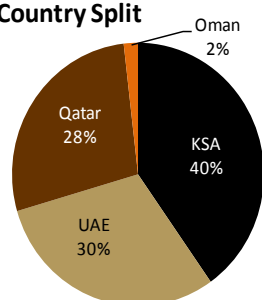
Outlook: Europe dodged a bullet but there are likely many more to come - across the indebted industrial world. Volatility is unlikely to fall significantly and the worry of another global recession will remain at the back of investors' minds.

We maintain our discipline and focus on medium-term value opportunities in Qatar and KSA where fundamentals remain strong. Aldar 2011 sukuk matures in November injecting cash to the fund; we will likely reinvest the proceeds in other sukuk opportunities.

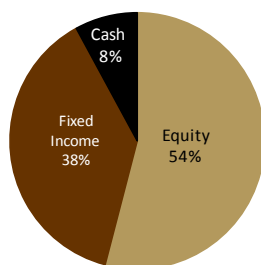
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV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

Country Split



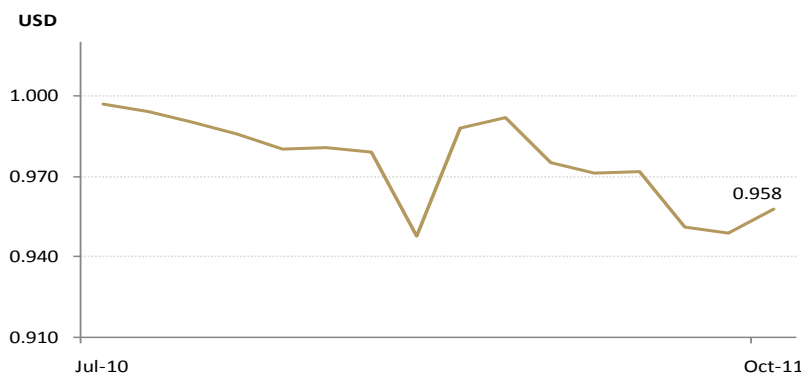
Asset Class Split



Fund Indicators (Equity)	Oct 31
P/E 2011E	10.0x
P/BV	2.1x
Dividend Yield	4.6%
Average Market Cap (USD)	6.3bn

Fund Indicators (Fixed Income)	Oct 31
Average Maturity (Years)	0.5
Average YTM	5.8%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	18.6%
Dar Al Arkan 2012	KSA	Fixed Income	14.3%
Barwa Real Estate	Qatar	Equity	10.1%
Etihad Etisalat	KSA	Equity	9.2%
Qatar Islamic Bank	Qatar	Equity	6.5%