

Al Rayan GCC Fund (F)

September 2011

AuM: USD 9.52 million

NAV/unit: USD 0.949

Overview: September ended one of the worst quarters for global risk assets in recent years. Fears escalated: politics continue to hamper economic decision-making in Europe; the US remains vulnerable to recession; and there are worries China's slowdown may be prolonged. Key global equity markets dropped 5% or more on the month, the USD rallied (EUR -7%), commodities (including gold) were punished hard and government bonds benefitted from a flight to safety.

Despite the turmoil, GCC equities fared well, underlining our positive investment case, with some markets ending up marginally. Our focus countries of Qatar and KSA did best with local buying offsetting foreign selling. However the more foreign investor dominated GCC credit market suffered from indiscriminate top-down 'de-risking'.

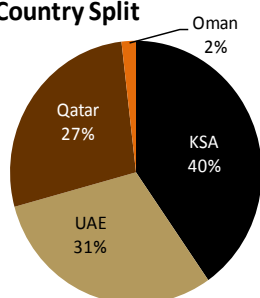
Outlook: From creation, the Eurozone has been about politics rather than economics and extreme political will is required by all members for sustainable solutions. The risk to world economies increases the greater the delay.

In the midst of global indebtedness, Qatar and KSA are continuing to pump money in to their economies (via projects and directly to people) offsetting the macro backdrop. This is set to continue and differentiate the two countries even with the region. Volatility will continue to present very attractive medium-term investment opportunities.

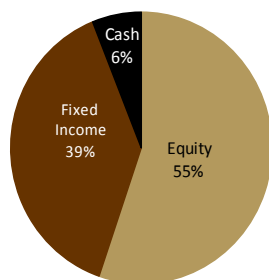
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV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



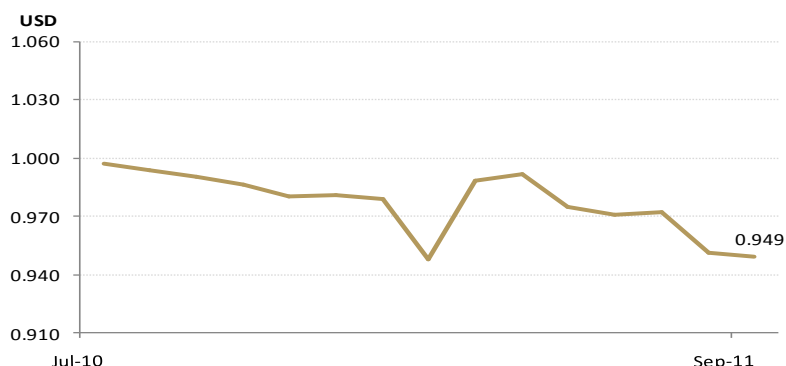
Asset Class Split



Fund Indicators (Equity)	Sep 30
P/E 2011E	9.8x
P/BV	2.0x
Dividend Yield	4.5%
Average Market Cap (USD)	6.2bn

Fund Indicators (Fixed Income)	Sep 30
Average Maturity (Years)	0.88
Average YTM	5.5%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	19.4%
Dar Al Arkan 2012	KSA	Fixed Income	14.2%
Barwa Real Estate	Qatar	Equity	10.3%
Etihad Etisalat	KSA	Equity	9.8%
Qatar Islamic Bank	Qatar	Equity	6.6%