

Al Rayan GCC Fund (F)

September 2012

AuM: USD 11.7 million

Net Asset Value/unit: USD 1.070

Overview: Fuelled by declarations of potentially unlimited Fed and ECB support, risk assets climbed again in September. The S&P 500 rose more than 2% (to 9% below the Oct 2007 all-time high), many EM equity markets +5% or more, Euro +2% and commodities generally did well. But WTI -5% (\$92) and Brent crude -1.5% (\$112). Gold was up 5% to \$1,772.

September was interesting for GCC equities as all markets rallied apart from KSA which dropped 4.2%. Dubai (improving real estate sentiment) and Kuwait (talk of government purchases of equities) led, both +2%. KSA profit-taking was after a strong August and on Brent crude weakness. In bond markets, over-exuberant pricing of the first sovereign Turkish sukuk caused a mid-month sell off in GCC names but strong appetite for an issue from Abu Dhabi's FGB helped sentiment recover strongly. Interestingly, higher yielding GCC bonds outperformed during the selling.

Barwa RE, Emaar and IQ helped performance the most in September while Dar Al Arkan, Mobily and Almarai caused the greatest drag. Despite the fund's heavy KSA exposure and a weak month for that market, the NAV was broadly unchanged on the month; stock picking remains key.

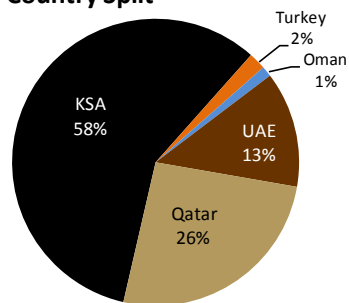
Outlook: We await Q3 results and expect Saudi to again stand out, helping the Tadawul to bounce. Real estate is key for sentiment in the UAE and we expect results to be supportive. In Qatar, banks need to deliver strong results to meet expectations.

Fund Facts

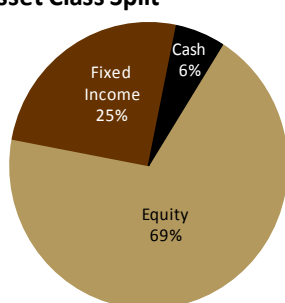
| | |
|-----------------------------------|---|
| Asset class | Shari'a compliant, GCC listed equities and fixed-income instruments |
| Investment Objective | 3-5 year capital appreciation |
| Minimum initial investment | |
| - Individual | USD 30,000 |
| - Institution | USD 300,000 |
| Subscription 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 |
| Bloomberg Ticker | ARYGCCF QD |

Investments

Country Split



Asset Class Split



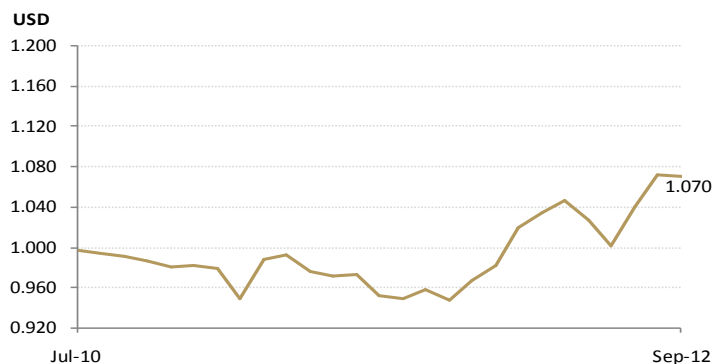
Fund Indicators (Equity)

| | September 30 |
|--------------------------|--------------|
| P/E 2012E | 10.5x |
| P/BV 2012E | 2.2x |
| Dividend Yield 2012E | 4.9% |
| Average Market Cap (USD) | 5.3bn |

Fund Indicators (Fixed Income)

| | September 30 |
|---------------------------|--------------|
| Average Maturity (Years) | 2.1 |
| Average Yield to Maturity | 6.0% |

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

| Company | Country | Instrument | Holding |
|-----------------------------|---------|--------------|---------|
| Dar Al Arkan 2015 | KSA | Fixed Income | 17.6% |
| Etihad Etisalat Co (Mobily) | KSA | Equity | 10.1% |
| Barwa Real Estate Co | Qatar | Equity | 7.9% |
| Industries Qatar QSC | Qatar | Equity | 7.7% |
| Emaar Properties PJSC | UAE | Equity | 6.4% |