



Al Rayan GCC Fund



December 2022

NAV/unit: QAR 2.219

Performance YTD: +11.5%

Overview: Despite lower than expected US inflation print and China easing Covid-19 restrictions, global equities were unable to maintain their positive momentum in December. US interest rates increased another 0.50% in December, with guidance of more to come. Europe equities dropped 3% (-10% YTD). The 6% plunge in US equities led to the worst annual performance (-18%) since 2008. In EM, Russia +4% (YTD -39%), India -4% (YTD +4%), with both China and Brazil -2% (YTD -15% and +5% respectively). US 10-year Treasury yields rose sharply to 3.87% (+27bp over the month) and the US Dollar dropped another 3% against major currencies. Commodities were mixed, with Henry Hub gas -48%, urea -13%, aluminium -4%, Brent crude -1% (\$85.9); gold rose 3% (to \$1,824) and steel +6%.

Gulf equity markets saw varied moves, all on relatively poor volume: Qatar -10%, Kuwait and Saudi Arabia -4% each, Abu Dhabi -3%, while Oman and Dubai ended +5% and +0.5%, respectively. Within sukuk, average spreads -33bp to 152bp, average yield to maturity -0.09% to 5.51% and sukuk returned +0.9% in December (-5.2% YTD). Global bonds had the worst performance in 70 years.

Al Anwar Ceramic Tiles Co, Jazeera Airways Co and Air Arabia helped the fund most in December; Abu Dhabi Islamic Bank, Emaar Properties & Jarir were key laggards.

Outlook: Full year results are approaching and with deposit rates high, investors will be watching dividend announcements closely. The global economic outlook remains jittery as the Fed guides to more rate hikes in 2023, delaying the pivot with the era of cheap money having ended. However, China's reopening should be supportive of global demand and oil consumption. We remain defensive, maintaining a high cash buffer, awaiting opportunities. The fund continues to hold low duration sukuk.

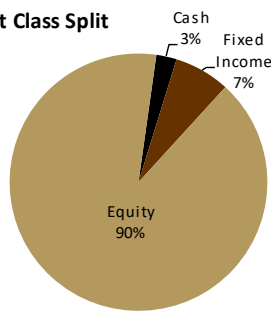
Fund Facts

| | |
|------------------------------|---|
| Asset class | Shari'a compliant GCC listed equities and sukuk |
| Investment Objective | 18-24 month capital appreciation |
| Minimum investment | |
| - Individual | QAR 35,000 initially, QAR 5,000 thereafter |
| - Institution | QAR 350,000 initially, QAR 50,000 thereafter |
| Subscription Fees | up to 1% |
| Management Fees | 1.25% pa |
| Performance Fees | 20% of NAV increase above 24%, over 2-years |
| Fund Duration | Open-ended |
| Founder | Masraf Al Rayan QPSC |
| Fund Manager | Al Rayan Investment LLC |
| Regulator | Qatar Central Bank |
| Custodian | HSBC Bank Middle East |
| Auditor | Deloitte & Touche |
| Bloomberg/ Lipper | ARYGCCQ QD/ 68048996 |
| Net Asset Value (NAV) | QAR 324.3m |
| Dividend Distribution | Semi-annual (January & July) |

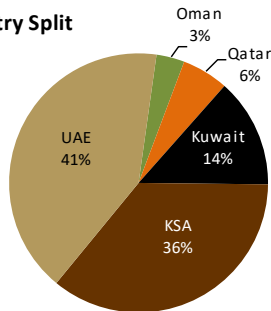
The fund declared a dividend to unit-holders (QAR 0.050/unit) for the second half of 2022 to be paid in January 2023. This takes the dividend for 2022 to QAR 0.113/unit, equivalent to 5% of NAV.

Investments

Asset Class Split



Country Split



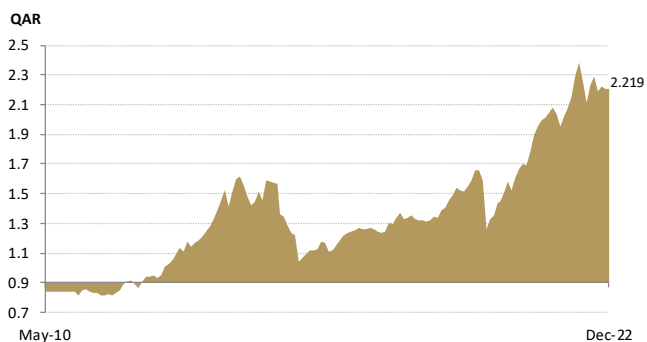
Fund Indicators (Equity)

| Fund Indicators (Equity) | December 2022 |
|---------------------------|---------------|
| P/E 2022E | 18.3x |
| P/BV 2022E | 4.6x |
| Dividend Yield 2022E | 2.9% |
| Weighted Market Cap (QAR) | 78.7bn |

Fund Indicators (Fixed Income)

| Fund Indicators (Fixed Income) | December 2022 |
|--------------------------------|---------------|
| Weighted yield to maturity | 7.4% |
| Weighted maturity (Years) | 0.8 |

Net Asset Value/Unit (adjusted for dividends)



Top 5 Holdings (% of total portfolio)

| Company | Country | Instrument | % |
|--------------------------|---------|------------|------|
| Air Arabia | UAE | Equity | 8.9% |
| Emaar Properties | UAE | Equity | 7.1% |
| International Holding Co | UAE | Equity | 6.6% |
| Jazeera Airways Co | Kuwait | Equity | 6.3% |
| Al Yah Satellite | UAE | Equity | 5.9% |

Performance net of fees

| 1 month | 3 months | Inception | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------|----------|-----------|------|------|-------|------|-------|
| 0.1% | 0.9% | 144.0% | 4.4% | 4.9% | 23.3% | 0.2% | 19.7% |