

Al Rayan GCC Fund (Q)

December 2011

AuM: QAR 160.64 million

NAV/unit: QAR 0.995

Overview: December was a month of two halves focused on Europe: the first half was hurt as Europe's debt crisis lurched from one unhelpful and indecisive meeting of leaders to another. However a Eurozone government injection via the IMF (to bypass ECB rules) plus an unprecedented 3-year lending facility to banks, helped improve liquidity and sentiment – for now. Over the month, Europe/US equities + 1% (vs China -6%, India -4%); USD +3% with EUR/USD below 1.30 (not helped by a 25bp ECB cut); and commodities lower (gold -10% to \$1,576). US Treasuries attracted more frightened investors as yields fell and the yield curve flattened. Despite intervention, US and European interbank lending remains very strained.

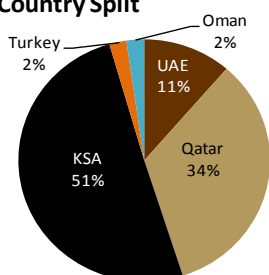
GCC equities +2% helped by both KSA and Oman +5%; the former was in anticipation of the budget announcement. UAE and Bahrain languished at -2% for the month. GCC sukuk recovered slightly after easing in October and November following credit-positive comments from Dubai officials and Abu Dhabi's injection of more cash to Aldar.

Outlook: 2012 will not see a resolution to governments' debt problems – that will take years. But it will widen the prosperity gap between the highly indebted and those that have manageable leverage. Closer to home, increased geopolitical rhetoric will help the oil price but may be an overhang on sentiment. We remain disciplined and focused on value opportunities in our core markets of KSA, UAE and Qatar.

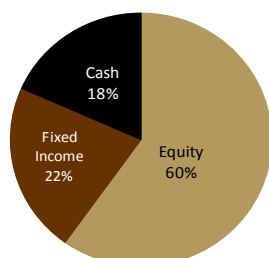
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	QAR 100,000
- Institution	QAR 1,000,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV 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



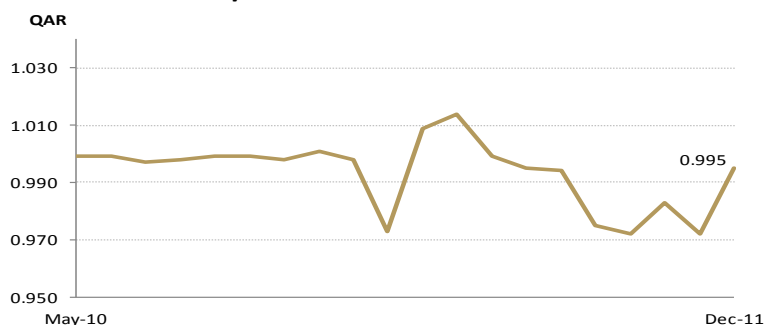
Asset Class Split



Fund Indicators (Equity)	Dec 29
P/E 2011E	10.6x
P/BV	2.2x
Dividend Yield	4.6%
Average Market Cap (QAR)	23.3bn

Fund Indicators (Fixed Income)	Dec 29
Average Maturity (Years)	1.1
Average Yield to Maturity	12.7%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2012	KSA	Fixed Income	15.5%
Barwa Real Estate	Qatar	Equity	8.1%
Qatar Industrial Manufacturing Co	Qatar	Equity	8.0%
Etihad Etisalat	KSA	Equity	7.1%
Industries Qatar	Qatar	Equity	6.9%