

Al Rayan GCC Fund (Q)

June 2012

AuM: QAR 161.6 million

NAV/unit: QAR 1.026

Overview: June was similar to May as continued uncertainty on Europe drove further selling. Also, US data disappointed and action is awaited from Chinese authorities to boost slowing growth. June/ Q2 would have been far worse but for a sharp rally on the last day of the month after EU leaders agreed on a €120bn short-term stimulus. Equities in June: US +4%, Europe +5%, India +8%, Brazil flat, China -6%. USD -2% while among commodities, Brent -2% (\$98), gold +2% (\$1,597) and ethylene -6%. Interestingly, for H1 2012, world equities +4.5%, Euro +2%, Brent -7%, gold +1% while 10-year US Treasury yields almost halved to just 1.64%.

GCC equity volumes were lower in June as many retail investors were away. However markets fell, led by Kuwait (-6.5%), KSA (-3.8%) and Qatar (-3.5%). For an outsider, GCC fixed-income seems to exist in a parallel universe as the multi-month rally accelerated sharply. Several new issues were brushed aside as \$4bn redeemed from four sukuk, including DIFC and Jebel Ali (JAFZA), looked for a home. A further \$4bn will be returned to bond investors in July from three sukuk maturing in Saudi Arabia.

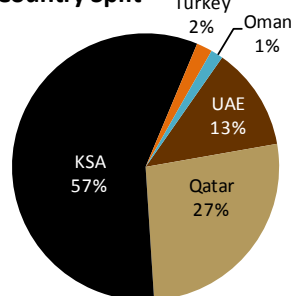
Dar Al Arkan 2015, Gulf Warehousing and Aldar 2013 added positively to June's performance while Mobily, IQ and Almarai caused a drag.

Outlook: We await Q2 results and expect positive surprises in KSA. The Dar Al Arkan 2012 sukuk will mature during July, proceeds from which will be reinvested in both equities and sukuk.

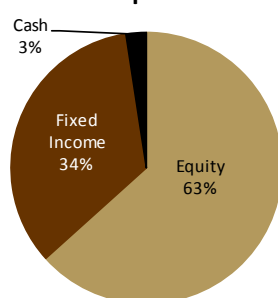
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	QAR 100,000
- Institution	QAR 1,000,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV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

Investments

Country Split



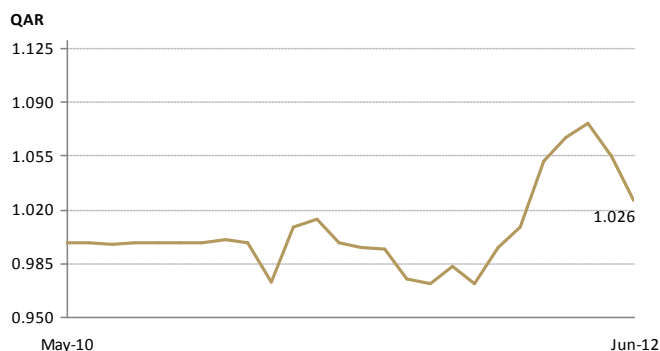
Asset Class Split



Fund Indicators (Equity)	June 30
P/E 2012E	10.0x
P/BV 2012E	2.0x
Dividend Yield 2012E	5.3%
Average Market Cap (QAR)	18.3bn

Fund Indicators (Fixed Income)	June 30
Average Maturity (Years)	1.6
Average Yield to Maturity	7.6%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2012	KSA	Fixed Income	15.0%
Dar Al Arkan 2015	KSA	Fixed Income	11.0%
Etihaad Etisalat Co (Mobily)	KSA	Equity	10.2%
Industries Qatar QSC	Qatar	Equity	7.9%
Barwa Real Estate Co	Qatar	Equity	7.9%