

Al Rayan GCC Fund (Q)

September 2012

AuM: QAR 168.2 million

Net Asset Value /unit: QAR 1.098

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.

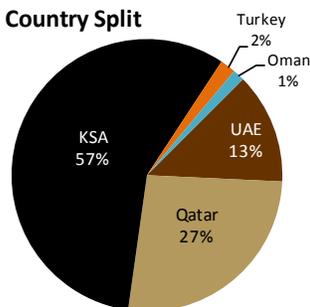
Outlook: We await Q3 results and expect Saudi to again stand out, helping the Tadawul to bounce. Real estate is key for sentiment in the UAE and we expect results to be supportive. In Qatar, banks need to deliver strong results to meet expectations.

Fund Facts

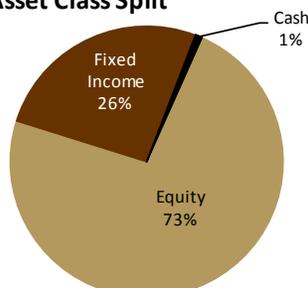
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	QAR 100,000
- Institution	QAR 1,000,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV increase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

Investments

Country Split



Asset Class Split



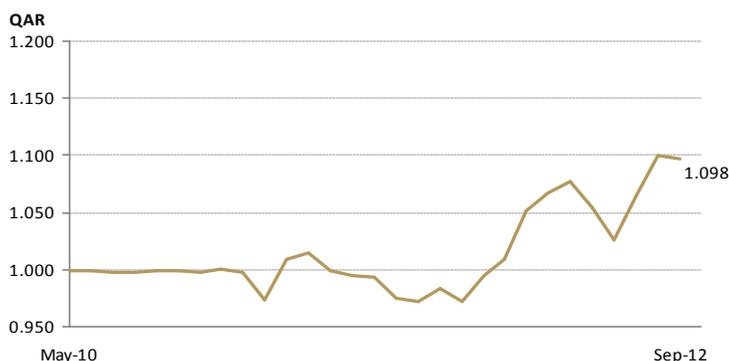
Fund Indicators (Equity)

	September 30
P/E 2012E	10.4x
P/BV 2012E	2.1x
Dividend Yield 2012E	4.9%
Average Market Cap (QAR)	18.4bn

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	18.0%
Etihad Etisalat Co (Mobily)	KSA	Equity	10.2%
Industries Qatar QSC	Qatar	Equity	8.1%
Barwa Real Estate Co	Qatar	Equity	8.0%
Qatar Industrial Manufacturing Co	Qatar	Equity	7.6%