



الريان للاستثمار
AL RAYAN INVESTMENT

YOUR
INVESTMENT
— PARTNER —



ANNUAL
GOVERNANCE
REPORT
— 2023 —



His Highness
Sheikh Tamim bin Hamad Al-Thani
Amir of the State of Qatar



His Highness
Sheikh Hamad bin Khalifa Al-Thani
Father Amir



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1. Introduction

Corporate Governance is one of the cornerstones of Al Rayan Investment LLC (“ARI” or “the Firm”). The Firm’s good governance practices aim to protect the long-term interest of its shareholders, clients and other stakeholders and to promote business conduct in accordance with the international best practices.

ARI’s Corporate Governance Framework has been established in accordance with the Governance and Controlled Functions Rules 2020 (CTRL) of the Qatar Financial Centre Regulatory Authority (“QFCRA”) and the Governance Code for Companies and Legal Entities of the Qatar Financial Market Authority (“QFMA”).

ARI is fully committed to adhere to the principles of governance and to provide in full transparency complete and accurate information to its shareholders and customers and to adhere to the requirements of its regulators to issue the Annual Governance Report and present it to the shareholders of the Firm during the Annual General Assembly.

2. Corporate Governance Framework

Strong and effective corporate governance helps to cultivate a culture of integrity, leading to positive performance and a sustainable business, when founded on accountability, responsibility, fairness and transparency. As such, ARI’s corporate governance framework is made up of its Board, Board Committees, organizational structures, policies, procedures and controls and it includes:

- the Firm’s risk management framework;
- its internal control and assurance functions;
- its business objectives; and
- the corporate governance rules in the applicable rules and regulations.

In 2023, the Corporate Governance Policy has been reviewed, updated and approved, where needed, to ensure compliance with the applicable rules and regulations.

The Board of Directors understands its responsibility in developing, implementing and maintaining a sound corporate governance culture in order to promote well-managed and accountable decision making at all levels of business. The implementation of the governance principles is driven by a qualified Board of Directors aided by an experienced Executive Management.



3. The Board of Directors

3.1. Responsibilities

The Board of Directors is entrusted by the Shareholder to oversee the operations and performance of the Firm and provide effective governance over its key affairs. The Board of Directors' responsibilities are defined in the Firm's Articles of Association, Board of Directors Charter and the Corporate Governance Policy and include, but are not limited to, the following main responsibilities:

A. Corporate Governance

1. Ensure adequate corporate governance policies and mechanisms are adopted and implemented across the Firm.
2. Ensure the existence of a full disclosure framework as to achieve justice and transparency and to prevent conflicts of interest.
3. Ensure adequate qualifications, experience, and professional performance criteria of the Senior Executive Function (SEF) and key Executive Management officers.
4. Review and approve the Firm's organizational structure on periodic basis to ensure proper distribution for the functions, tasks & responsibilities.
5. Design and establish an adequate succession plan for the Board and Senior Executive Management of the Firm.
6. Approve the annual Corporate Governance report in accordance with regulatory requirements for submission to the General Assembly and QFCRA.
7. Ensure existing of Conflict of Interest Policy that would regulate conflict of interest and remedy any possible cases of conflict by Board members, Senior Executive Management and shareholders, with an appropriate monitoring process in place.

B. Strategic Decisions and Planning

1. Approve and oversee the implementation of the Firm's strategic objectives.
2. Approve the Firm's annual budget and business plans and ensure that it is in line with the long-term strategy and changes in the economy, market, and regulatory environments.
3. Approve the Firm's risk appetite, risk management framework and monitoring aggregate risk exposures.
4. Set and develop strategies, plans, objectives and main policies for the Firm.
5. Approve the capital expenditures budget of the Firm and any changes thereto during the fiscal year.
6. Approve the risk management strategy of the Firm as well as the overall Risk Appetite and Portfolio Strategies.

7. Set the strategic aims and ensure that the necessary financial and human resources are in place for the Firm to meet its objectives.
8. Approve the Firm's financial statements

C. Oversight, Control and Supervision

1. Oversee the Firm's Senior Executive Management through the BOD committees as part of the Firm's checks and balances and discuss their reports on important issues raised.
2. Ensure the implementation of a system of internal control including internal audit, compliance, risk management and financial control as well as a framework to assess Internal Controls over Financial Reporting (ICOFR).
3. Ensure the Firm effectively takes into consideration the comments raised by Internal Audit, Compliance, Risk Functions and External Auditors.
4. The Board will have an oversight role on the proper design and monitoring of the internal controls, pertaining to combatting financial crime requirements including money laundering and terrorism financing, sanction programs, fraud, tax etc. and receive/consider annual report of the MLRO as stipulated by relevant laws and regulations.

D. Performance Evaluation

1. Make sure the Firm maintains and enforces appropriate awareness programs necessary for spreading the culture of self-control and risk management.
2. Put in place a self-assessment mechanism to evaluate the performance, competence and effectiveness of the Board and the BOD members, Consider and incorporate the feedback received related to the performance of the Board.
3. Conduct the SEF's and Senior Executive Managements performance appraisal on an annual basis.
4. Monitor and evaluate the performance and risks of the business strategy.

E. Stakeholder Management

1. Assume responsibilities towards shareholders and other stakeholders and related parties within the Firm and the community at large.
2. Develop a policy that regulates the relationship among the stakeholders in order to protect them and their respective rights.
3. Such policy shall include indemnifying mechanisms of the stakeholders, set out suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
4. Develop a clear policy for contracting with Related Parties.

5. Oversee the preparation of the General Assembly agenda and related material; such as the audited financial statements, reports of the Board and CEO, and voting/ attendance administrative matters.
6. Provide the General Assembly, whenever it is held, to make a strategic decision, the necessary recommendation to take into consideration the benefit of the Firm and minor shareholders.

3.2. Composition

In accordance with the Corporate Governance Rules and where Masraf Al Rayan is the sole shareholder, ARI's Board is composed of:

- **Mr. Nasser Jarallah Saeed Jarallah Al Marri**
Chairman – Dependent Non-Executive
- **Sheikh Saoud A. Rahman H. A. Al Thani**
Vice Chairman – Independent Non-Executive
- **Sheikh Ali Abdulla K A Al Thani**
Board Member – Independent Non-Executive
- **Mr. Khalid Abdullah K A Al-Attiya**
Board Member – Dependent Non-Executive
- **Mr. Tahir Hayat Pirzada**
Board Member – Dependent Non-Executive

3.3. Role of the Chairman

The Chairman is the president of the Firm and he represents it before other parties and judiciary. The Chairman is primarily responsible, among other things, for ensuring the proper management of the Firm in an effective manner to achieve the best interests of ARI and its shareholders.

The responsibilities of the Chairman are detailed in the Board of Directors Charter and below are some of his main responsibilities:

1. Ensuring that the Board discusses all the main issues in an efficient and timely manner;
2. Approving the agenda of the Board meeting taking into consideration any matter proposed by any other Board member;
3. Encouraging all Board members to collectively and effectively participate in dealing with the Board affairs for ensuring that the Board is working with its responsibilities to achieve the best interest of the Firm;
4. Creating effective communication channels with shareholders and making their opinions heard to the Board;
5. Allowing effective participation of the Non-Executive Board Members in particular and promoting constructive relations between Executive and Non-Executive Board Members;

3.4. Importance of Independence

In order to foster independent decision-making and to mitigate any conflict of interest that may arise, ARI appointed two independent Directors to the Board who also brought different and relevant expertise to the Board's discussions.

3.5. Frequency of meetings

The Board held five meetings in 2023 as listed below:
Meeting dates:

1. 7 February 2023.
2. 3 May 2023.
3. 23 July 2023.
4. 17 October 2023.
5. 7 December 2023.

The minutes of meetings are prepared by the Board Secretary and a draft is sent to all the Board Members for their comments. The final minutes are signed by the Chairman on behalf of the Board, and the Board Secretary.

3.6. Board Secretary

On 7 July 2022, the Board of Directors of ARI has appointed Mrs. Mariam Kamaledine as the Board Secretary and Secretary of the Board Committees under Resolution No. 2022/2/3.2. The Secretary supports the Board in effectively meeting its obligations by taking and dispatching without delay minutes that reflect accurately the proceedings of the Board meeting and ensures that all records in this regard is kept in a safe place.

3.7. Annual Evaluation

In Compliance with QFCRA's Governance and Controlled Functions Rules and international best practices, the Board of Directors completed their annual self-assessment for 2023, from a collective standpoint as well as individually.

The purpose of the annual evaluation is, in addition to complying with the QFCRA's and QFMA's regulations, to ensure the continuous improvement of the Board performance while discharging its responsibilities and assess the effectiveness of the governance practices and procedures in order to make any necessary improvements, where needed.

The results showed that the procedures and mechanisms in place at the level of the Board and its Committees are effective and there are no major concerns in this regards.

4. Board Committees

In order to increase the efficiency of the Board's supervisory responsibilities over the Firm, the Board of Directors of ARI has established committees, which are delegated specific responsibilities.

The Board has formed two Board Committees:

1. Audit and Compliance Committee; and
2. Investment Committee.

As for the Risk and Policies Committee, and in accordance with ARI's Corporate Governance Policy, in the absence of such Committee, MAR Risk department provides the services of this Committee, under a Service Level Agreement (SLA). MAR Risk department's review will then be provided to ARI Board of Directors for their approval.

Due to the size, nature and complexity of ARI, the Board has not established a Nomination and Remuneration and in the absence of such Committee, the Board of Directors will take all decisions related to remuneration and nomination.

Each Committee has detailed and specific roles, duties and authorities as determined by the Board and captured in the Committees Charter that is approved by the Board.

Audit and Compliance Committee

Members:

Sheikh Ali Abdulla K A Al Thani
Chairman of the Committee

Sheikh Saoud A. Rahman H. A. Al Thani
Member

Mr. Tahir Pirzada
Member

Main Responsibilities

1. Overseeing, and reviewing the accuracy and validity of the Firm's financial statements and the yearly, half-yearly reports. Discussing these statements with SEF and External Auditor before approving the same and submitting them to the board for final approval;
2. Reviewing the Firm's dealings with the Related Parties, and making sure whether such dealings are subject to and comply with the relevant controls;
3. Assist the Board in fulfilling its oversight role regarding establishment and maintaining effective Corporate Governance policies and procedures;
4. Reviewing the effectiveness and adequacy of internal controls, overall risk management and control, financial reporting systems, and best accounting and financial practices;

5. Reviewing the financial and accounting policies and procedures of the Firm and expressing an opinion and recommendation to the Board on this regard;
6. Responsible for all issues regarding Internal Audit and making recommendations to the Board regarding the selection, appointment and termination of the Chief Internal Audit It is responsible also for allocating the budget and the assessment of the Internal Audit staff;
7. Review Investigation or special project reports carried out by Internal Audit;
8. Reviewing reports of the Internal Audit, External Auditor, supervisory authorities;
9. Follow-up the necessary corrective actions taken to address violations identified by auditors, and set controls required to avoid violations in future;

10. Ensure independence of External and Internal Auditors and Compliance;

11. Approval of Compliance Manuals in coordination with Compliance Department within the Firm;

12. Approve an Annual Compliance Plan; and

13. Review the annual MLRO report provided by the compliance department

The Committee held four meetings in 2023.

The Chairman of the Board is not a member of the Audit and Compliance Committee.



Investment Committee

Members:

Sheikh Saoud A. Rahman H. A. Al Thani
Chairman

Mr. Nasser Jarallah Saeed Jarallah Al Marri
Member

Mr. Tahir Pirzada
Member

Main Responsibilities

1. Approve and amend ARI's Investment Policy which details all risk limits (investments related) which shall include investment guidelines and asset allocation targets and prohibited investments;
2. Authorize the ARI Strategic Investment Committee to take investment decision in relation to ARI Sukuk and Public equity investments.
3. Review and approve (where applicable) investment transactions in line with set limits for single transaction and/or cumulative during the year. These limits are provided in the Investment Policy;
4. Oversee management's administration of ARI's investment portfolios to ensure compliance with the Investment Policies and best practices;

5. Evaluate investment performance based on a comparison of actual returns with expected returns, and with such other benchmarks as the BOD may select. The evaluation will take into account compliance with investment policies and guidelines and risk levels assumed;
6. Review periodic analysis and reports from management on each investment and group of investments as a portfolio;
7. Report directly to the BOD at each scheduled Board meeting to update the BOD on investment decisions, policies and investment performance; and
8. Approve all transactions within delegated limits but also recommend for Board's approval any deals above its delegated limit.

The Committee held two meetings in 2023.

5. Executive Management

Although the Board has the ultimate responsibility for the Firm's governance, the Board delegates the day-to-day management of the Firm to the SEF who is assisted by the Executive Management.

The Executive Management is composed of the Firm's senior employees headed by the SEF, who implement the processes and procedures in accordance with the policies and strategies approved by the Board and contribute to the implementation of a sound governance framework.

ARI's Executive Management is composed of:

Mr. Akber Khan

Acting Chief Executive Officer (Senior Executive Function - SEF)

Akber has more than 25 years' experience in the investment industry and since June 2023 has been Acting Chief Executive Officer of Al Rayan Investment. He joined ARI in 2009, to set up and lead the Asset Management Group which included overall responsibility for managing GCC public equity and global sukuk portfolios of \$1.5bn. Prior to ARI, Akber was at Deutsche Bank in London for more than 11 years in European and emerging markets equities. Akber is a graduate of University College London. In each year since 2013 he was in MENA Fund Manager Magazine's 'Power 50' list of the most "influential, innovative and powerful people" in the regional industry. Akber has lived in Doha, Dubai, Frankfurt, Karachi and London.

Mr. Shabbir Kagalwala

Associate Director, Asset Management Group

Shabbir has over 18 years industry experience. He joined ARI in 2010 from Vision Investment Services, Oman. At ARI, Shabbir heads up Asset Management and has overall responsibility for managing client portfolios with varying strategies. At Vision he was the lead analyst on the flagship Emerging GCC Fund. Prior to this, Shabbir worked with research houses in India, focusing on the US, Europe and Middle East equity markets. His expertise includes portfolio management, investment research, valuations, and financial model-building. Shabbir is a CFA charter holder (CFA Institute USA) and holds a Post Graduate degree in Finance (MS Finance) from ICFAI University, Hyderabad, India.

Mr. Lalit Chandak

Associate Director, Financial Advisory Group

Lalit joined ARI in 2018 in Financial Advisory, which he now heads up. Lalit covers origination and end-to-end execution of transactions for equity and debt capital markets and M&A. He has 13 years of investment banking experience, including 7 years in HSBC Global Banking, where he worked in multiple offices including Calgary, London, Dubai and Singapore. He has advised on several transactions exceeding more than \$10bn in transaction value. Lalit is a CFA Charter holder and has an MBA from Indian Institute of Management, Indore (IIMI).

Mr. Vishal Saxena

Head of Operations

Vishal has more than 22 years of experience across accounting and operations and has been with ARI since 2011. Vishal is responsible for all aspects of operations to support the Asset Management group's products and services. Prior to ARI, Vishal worked with organizations like Vision Investment Services, Northern Trust and HSBC and was awarded 'best employee' in his previous organization. Vishal has completed CMA (USA), EPGM from Indian Institute of Management, Jammu (IIMJ), the Intermediate examination of the Institute of the Chartered Accountants of India and the Certificate in International Financial Reporting (CertIFRS) from ACCA. Vishal has also completed the Investment Foundations certificate from CFA Institute and the Fundamentals of Alternate Investments from CAIA. He is a Member (MCSI) of the Chartered Institute for Securities & Investment (CISI).

Mrs. Mariam Kamaleddine

Senior Manager, Head of Compliance and AML

Mariam has 10 years of broad experience in legal and compliance in areas such as Compliance, Anti-Money Laundering, Risk Assessments, KYC and Due Diligence. Her experience covers compliance within the financial sector. She holds a certificate in AML from QFBA, Level 3 Award from CISI in Global Financial Compliance, and certificates in Investment Operations and International Introduction to Investment from CISI. She is also a Certified Anti-Money Laundering Specialist (CAMS).



6. Internal Controls and Assurance

ARI has established an internal controls and assurance framework composed of the following functions:

- The Risk Management Function;
- The Compliance Oversight Function; and
- The Internal Audit Function.

The internal controls and assurance framework provides reasonable assurance on the effectiveness and efficiency of the Firm's operations, the reliability of its financial reporting and the extent of its compliance with applicable laws and regulations.

The internal controls and assurance framework ensures that:

- the Firm's business is conducted efficiently;
- the Firm's assets are safeguarded;
- fraud and other unlawful acts are prevented or detected;
- risk is managed effectively;
- the Firm's financial records are accurate and complete; and
- the preparation of the Firm's financial statements is timely.

6.1. Risk Management

Risk Management is fully independent from the commercial lines of business. ARI has outsourced the Risk Management function to the parent company MAR. The Risk Manager reports directly to the Chief Executive Officer with an indirect reporting line to the Board.

ARI risk management framework includes a set of policies and procedures approved by the Board and aligned with Company's strategy and business model. ARI's risk profile and appetite are approved by the Board and then cascaded down to every division, department and employee.

The main responsibilities of Risk Management are to manage credit & counterparty risk; market & liquidity risk; information, cyber & physical security risk; enterprise risk; operational risk, business continuity, and fraud risk; and to ensure compliance with risk-related QFC regulations.

The Risk Manager identifies, measures and proactively manages risks relating to ARI activities, processes and systems.

The Board of Directors assumes the responsibility of risk oversight, hence, there is no separate Risk Committee delegated by the Board. The Board is responsible for approving the risk management framework and ensuring it is reflected in the policies and procedures. It also evaluates and oversees ARI's risk profile in coordination with the SEF and the Group Risk Committee or relevant bodies.

6.2. Internal Audit

Design and implementation of internal control framework is the responsibility of ARI's management. Internal Audit (IA), is a third line of defence, provides an independent assurance and consultancy service on the design and operational effectiveness of the governance, risk management and internal control framework.

IA plays an essential role in evaluating the effectiveness of risk, control and governance frameworks across ARI, by conducting risk-based audits by highly specialized internal audit teams. IA provides an independent and objective assurance to the Board of Directors and management on the design and operational effectiveness of the Firm's corporate governance, risk management, and internal control frameworks. IA promotes awareness on risks and controls, provides recommendations on developing control solutions, and monitors corrective actions, thereby safeguarding the ARI's assets.

IA provide consultative audit services at the request of the Board, including ad-hoc assignments and investigations. In order to ensure its independence and objectivity, IA routinely assesses impairment issues while providing advisory and consulting services to the Board and the Management.

Assurance Services

IA is responsible for independent audit and assurance engagements covering all of the Firm's departments and activities within 3-year audit cycle. Its purpose is to provide an independent assurance service to the Board of Directors through the Audit and Compliance Committee on the effectiveness of the Firm's governance, risk management and control processes. In compliance with QFCRA's and QFMA's rules and regulations, and the Institute of Internal Audit guidelines, IA has developed a Risk-Based-Internal-Audit Approach (RBIA). The RBIA directs IA in prioritizing and allocating resources to business areas where they are most required.

Follow-up of audit findings as per the Management Implementation Agreement is a continuous and robust exercise, and an update is regularly communicated to the Audit and Compliance Committee and the Firm's Senior Management reflecting the latest information on open and overdue issues.

As part of the IA's core process, an Internal Quality Assurance exercise is undertaken over the audit work performed, as well as prior to the issuance of each audit report.

As at 31 December 2023, IA successfully completed all the audit engagements out of the approved audit plans for ARI.

Consultancy Services

IA's regular interaction with management and the extensive review of various areas across the Firm's activities puts IA in a unique and valuable position and enables it to help the Firm improve its systems and processes through consultancy services.

IA provided consultancy services, including ad-hoc assignments and investigations as per the approved Audit Charter. The nature of consultancy services varies, and IA has issued recommendations to ARI on areas and activities that require additional focus and attention ranging from addressing various incidents to covering emerging risks and their overall impact. As an independent reviewer, IA conducts reviews of new and amended policies in a consultant capacity. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

IA Framework

IA's conduct and operation are in accordance with the:

- Laws and regulations and international practices including but not limited to QFCRA and QFMA rules, Basel and IIA standards and guidelines.
- Terms of Reference of the Audit and Compliance Committee of the Board of Directors.
- Internal Audit Charter approved by the Audit and Compliance Committee of the Board of Directors.
- Internal Audit Policy and Instructions Manual approved by the Audit and Compliance Committee of the Board of Directors.

The Audit Charter grants the IA unrestricted access to all records, data, systems, and personnel of ARI for audits and related assignments.

IA fully adheres to the International Professional Practices Framework (IPPF) and the Code of Ethics issued by the Institute of Internal Auditors (IIA), as well as Basel Committee recommendations and other leading standards.

The IA team includes subject matter expertise in the following areas: ICT, FCC, Operations, Investment Financial and Risk Modelling, Corporate Governance.

6.3. Compliance

The Board of Directors and the Executive Management set the tone from the top in relation to ethical conduct and compliance where all employees are regularly reminded of their responsibilities, obligations and limitations within the Firm.

The Compliance and AML function identifies, assesses, advises on, monitors and reports on the Firm's compliance risk.



The compliance oversight function includes:

1. Monitoring and assessing the adequacy and effectiveness of the Firm's compliance policies and procedures;
2. Participating in the process of approving new products or significant changes to existing products;
3. Monitoring and assessing the extent to which the Firm complies with those policies and procedures;
4. Monitoring and assessing the adequacy and effectiveness of measures taken to correct any deficiencies;
5. Maintaining and updating the Firm's compliance policies and procedures in conjunction with the Firm's senior executive function and senior management;
6. Providing advice and support to the SEF and management about compliance issues.

Compliance monitors and assesses ARI's operations and activities from a Compliance perspective to ensure high levels of compliance with QFCRA's and QFMA's regulations.

The Compliance officer, who reports to SEF and to the Board of Directors via the Audit and Compliance Committee, is empowered to cover compliance issues of all of ARI activities and has access to all information, records, staff, property and operations. In addition, the Compliance Oversight Function has the right to conduct investigations of possible breaches, to carry out its role and responsibilities in the most effective and efficient manner.

During 2023, ARI updated a number of its policies and procedures, including but not limited to, the following:

- Anti-Money Laundering Policy;
- Compliance Policy and Procedures;
- Corporate Governance Policy;
- Investment Management and Advisory Policy;
- Fraud Prevention Policy;
- Compliance Monitoring Programme;
- Whistleblower Protection Policy; and
- Client Verification Policy

ARI has an Anti-Money Laundering and Combating Terrorism Financing (AML/CFT) framework, which aims to combat financial crimes in all its forms.

ARI also implements a Compliance Monitoring Programme to monitor compliance across the Firm and develop a strong compliance culture. The Compliance department updates the Compliance Monitoring Programme frequently to be in line with the latest regulatory requirements and best practices.

ARI conducts an induction AML/CFT training to its new employees and refresher training on combating Financial Crime once every year. In 2023, ARI conducted training on Combating Financial Crime to its governing body and all employees.

ARI is committed to compliance with relevant laws and regulations through its robust compliance framework, regular audits, and proactive risk assessments to ensure its adherence to ethical business practices. This commitment is integral to maintaining the trust of the Firm's stakeholders and fostering a culture of transparency and accountability throughout the Firm.

7. Core Activities

The investment arm of Masraf Al Rayan, Al Rayan Investment LLC (ARI) was incorporated in 2007, and is a fully-owned subsidiary, focused on asset management and corporate financial advisory. ARI is authorised by the Qatar Financial Centre Regulatory Authority and licensed by the Qatar Financial Markets Authority. The firm had capital of \$100 million at establishment.

After an impressive 2022, 2023 was another year of record profits. ARI built on successes of previous years, further strengthening ties with clients, and expanding its reach. Asset management was the key driver of the 2023 performance, through a combination of new client mandates, injections from existing investors and outstanding investment returns. The financial advisory practice jointly led US Dollar sukuk issuance from entities in Saudi Arabia and the USA. It also continued its work on numerous listings and IPOs to be executed on the Qatar Stock Exchange.

2023 was also significant as it marked the 15th year of operations for Al Rayan Investment. During this period, the firm has grown remarkably across both asset management and its advisory practice, and despite very material market volatility, has delivered profit growth almost every year. These results are testament to a world class team which look to serve clients with market leading professionalism. The results are clear, measured by the investment performance track record, growth in number of clients and assets under of management and the number of successful and ground-breaking advisory engagements in Qatar.

Asset Management Group

Launched in mid-2010, ARI's asset management franchise has crafted an enviable investment track record. While demand from high-net-worth investors continues to build each year, awareness of ARI's best-in-class capabilities among domestic institutional investors is very strong.

Investors find ARI's proposition compelling: experienced in-house research feeding into a robust investment process, helping to deliver superior security selection, generating consistently strong returns.

2023 Performance

Amidst global headwinds and heightened geopolitical risks in the region post the war on Gaza, regional equities markets delivered a mixed performance in 2023. Three markets ended in the green, Dubai (+22% during 2023), Saudi Arabia (+14%) and Qatar (+1%). Kuwait (-8%) and Abu Dhabi (-6%) were the laggards. Foreign investors continued to gain regional exposure, with net buying of more than \$15 bn during the year, predominantly in the United Arab Emirates and Saudi Arabia.

Despite considerable volatility and uncertainty, ARI was able to further increase assets under management (AUM), both through new assets and the performance

of existing assets. AUM, across money markets, public equities and sukuk, ended the year at QAR 5.4 billion.

ARI's money market offering gained further traction with institutional investors. While local short-term debt instruments are scarce, this product mimics a traditional money market fund by offering significantly higher returns relative to call deposits, while offering daily liquidity, and taking no market risk.

Global Sukuk

During 2023, US interest rates were raised more than 1%, ending the year at 5.50%. Despite this, global and geopolitical tensions along with extreme price volatility, ARI continued to grow its sukuk offering to investors, helping to navigate the challenging environment. Net of fees, ARI's actively-managed US Dollar sukuk portfolios returned more than 8% over the year. Furthermore, ARI saw no redemptions in 2023.

In 2023, ARI continued to enjoy growth in its sukuk execution offering, attracting new institutional and individual investors. Sukuk purchased for investors are held in custody by ARI. Investors frequently highlight the quality of ARI's execution, which is key to gaining new clients.

Listed equities

ARI's investment focus for public equities remains the Gulf. Equities' segregated portfolios for institutional investors and family offices account for a large proportion of overall assets under management.

Funds

In addition to these segregated portfolios, ARI manages three regulated funds, of which Al Rayan Qatar ETF and Al Rayan GCC Fund are the largest.

Al Rayan Qatar ETF (QATR)

Listed on the Qatar Stock Exchange, Al Rayan Qatar ETF (QATR) tracks the performance of the QE Al Rayan Islamic index (an index of Sharia-compliant, Qatari equities). With market-capitalisation of QAR 480 million at end-2023, QATR is one of the world's largest Sharia-compliant, equity exchange traded funds (ETF). A Total Expense Ratio (TER) of 0.50% makes QATR among the most cost efficient single-country ETFs across emerging markets. The ETF pays an annual cash dividend, generally in the second quarter of each year.

Al Rayan GCC Fund

The flagship Al Rayan GCC Fund invests in Gulf listed equities and sukuk, and with assets north of QAR 400 million, remains the largest regional, Sharia-compliant GCC fund. In 2023, this absolute-return fund delivered almost 25% total return, including a dividend of 5.4%. At the discretion of the fund manager, the fund is expected to pay dividends semi-annually (January and July). The fund's very strong performance helped boost subscriptions in 2023, from individual and institutional investors.



Financial Advisory Group

While economic and capital market activity was strong in 2022, driven by recovery from the pandemic and the FIFA World Cup 2022, 2023 saw a slowdown, especially for commencement of new transactions. In Qatar's public equity market, some of the listings which had begun in 2022 were completed during 2023. There were numerous sukuk issuances from the Gulf and beyond, and ARI's advisory team actively participated in these.

We expect the economy and capital market activity to recover in 2024. While some parts of the economy may not have the rapid growth experienced in the run up to the football world cup, over the next several years, significant expansion is expected. This will be driven by the LNG capacity expansion and tourism, leading to material growth for many private businesses which will seek funding through public equity or public debt markets. Several potential issuers were dissuaded from issuing sukuk in 2023 due to high profit-rate expectations from investors. Given declining Treasury yields in recent months, and expectations of interest rate cuts in 2024, the sukuk market is expected to have strong tailwinds during the year ahead.

Catering primarily to its Qatari client base, ARI had a very busy 2023, including several ongoing capital markets transactions, acting as Joint Lead Manager in both Air Lease Corp (USA) and Dar Al Arkan (KSA) international's, US Dollar sukuk issuance. ARI also successfully advised a publicly listed-company in Qatar on a capital reduction exercise and made significant progress in several other transactions being executed. It is expected that these listing, follow-on offering and sukuk transactions will be executed during the first half of 2024.

Strategic Investment

With a focus on continued growth in shareholder equity, ARI conservatively invests its capital to enhance return on assets.

After having held back on investing in sukuk in 2022 as yields did not appear sufficiently attractive, in 2023, ARI deployed cash towards sukuk to take advantage of relatively elevated yields. There is an expectation that interest rates are at or near their highs for this cycle and will begin to reduce during 2024. Separately, ARI remains open to lucrative opportunities across other asset classes.

9. Shari'a Supervisory Board

Sharia Supervisory Board

As at 31 December 2023, the Sharia Supervisory Board (SSB) consisted of the following scholars:

His Eminence Sheikh Dr. Walid bin Hadi

Chairman

His Eminence Sheikh Dr. Mohamed Ahmeen

Member

His Eminence Sheikh Dr. Sultan Ibrahim Sultan

Khalifa Al Hashemi

Member

The work of ARI's SSB includes reviewing contracts, answering queries related to Shari'a, and developing solutions to challenges that may appear upon implementation. The SSB also directly supervises ARI's activities and business and ensures the correct implementation of SSB decisions.

The SSB carries out its operations and submits an annual report for each financial year to the General Assembly at its annual meeting.

Sharia Audit

The Shari'a Audit Department reports directly to the Shari'a Supervisory Board. Sharia Audit's main responsibilities include acting as a link between the Senior Management and the Shari'a Supervisory Board by relaying the former's inquiries, clarifications, new products, contracts, agreements and investment funds to the Shari'a Supervisory Board to obtain approvals, instructions and fatwas, and run audits on the correct implementation according to the Shari'a Board's instructions and fatwas.





الريان للاستثمار
AL RAYAN INVESTMENT