



Qatar Asset Manager - 2018



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Best ETF Issuer - 2019

# Al Rayan GCC Fund (F)



December 2019

NAV/unit: USD 1.770

Performance YTD: **+23.9%**

**Overview:** 2019 was a rare (but wonderful) year for global investors as equities, fixed income and commodities all did very well. The year was marred by multiple US trade wars which fueled economic concerns however, led by the US, numerous central banks responded by lowering interest rates. US and European equities ended 2019 at +29% and +23%, while in EM, Russia soared 45%, Brazil +32%, China +22% and India +14%. 10 year US Treasury yields closed at 1.92% (2.68% at end-2018). Economic and political concerns helped gold add 19% (\$1,523); Brent crude also +19% (\$66), largely on supply discipline. The trade-weighted US Dollar index was flat over the year but USD +2% vs the Euro (1.123), -1% vs the Chinese yuan (6.96) and -4% vs GBP (1.326). Some commodities did suffer in 2019, such as Henry Hub gas (-34%), steel (-16%), urea (-15%) and ethylene (-9%).

Gulf equities underperformed global equities in 2019; Kuwait (+32%) was followed by Bahrain (+20%), Dubai (+9%), and Saudi Arabia (+7%). Qatar ended +1% while Oman fell 8%. December saw no regional fixed income issuance but 2019 was a great year for Gulf investors and issuers: a record \$87.4bn debt was issued (\$67.7bn bonds, \$19.7bn sukuk) and sukuk appreciated almost 12%, on average.

Kuwait Finance House, Boubyan Bank and Air Arabia helped the portfolio most during the month while Aramex, Medicare Group and Mezzan Holding Co were key laggards.

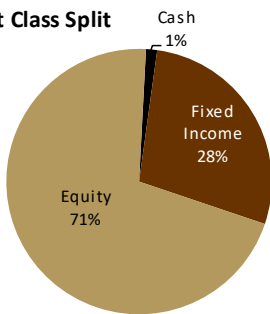
**Outlook:** The first half of 2020 will be dominated by Kuwait's upgrade to the MSCI EM index. Saudi companies leveraged to social reforms and home building are likely to benefit while, in Qatar, we favour medium-sized stocks to larger ones.

## Fund Facts

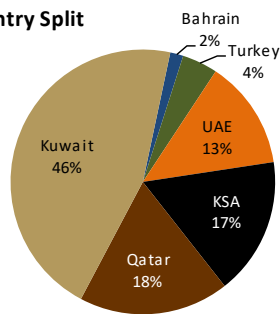
|                              |   |
|------------------------------|---|
| <b>Asset class</b>           | Shari'a compliant GCC listed equities and sukuk |
| <b>Investment Objective</b>  | 18-24 month capital appreciation                |
| <b>Minimum investment</b>    |   |
| - Individual                 | \$30,000 initially, \$1,500 thereafter          |
| - Institution                | \$300,000 initially, \$15,000 thereafter        |
| <b>Subscription Fees</b>     | up to 1%  |
| <b>Management Fees</b>       | 1.25% pa  |
| <b>Performance Fees</b>      | 20% of NAV increase above 24%, over 2-years     |
| <b>Lock-in period</b>        | Six months                                      |
| <b>Fund Duration</b>         | Open-ended                                      |
| <b>Founder</b>               | Masraf Al Rayan QPSC                            |
| <b>Fund Manager</b>          | Al Rayan Investment LLC                         |
| <b>Regulator</b>             | Qatar Central Bank                              |
| <b>Custodian</b>             | HSBC Bank Middle East                           |
| <b>Auditor</b>               | Deloitte & Touche                               |
| <b>Bloomberg/ Lipper</b>     | ARYGCCF QD/ 68048992                            |
| <b>Net Asset Value (NAV)</b> | USD 16.5 m                                      |

## Investments

### Asset Class Split



### Country Split



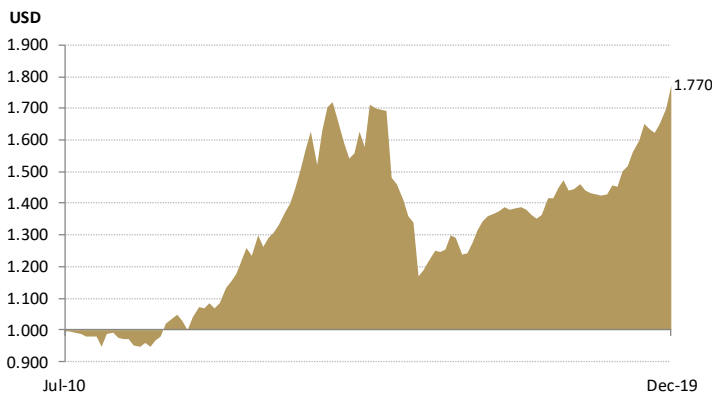
### Fund Indicators (Equity)

| Indicator                 | December 2019 |
|---------------------------|---------------|
| P/E 2019E                 | 16.8x         |
| P/BV 2019E                | 2.3x          |
| Dividend Yield 2019E      | 4.0%          |
| ROE 2019E                 | 14.7%         |
| Weighted Market Cap (USD) | 5.6bn         |

### Fund Indicators (Fixed Income)

| Indicator                  | December 2019 |
|----------------------------|---------------|
| Weighted yield to maturity | 7.4%          |
| Weighted maturity (Years)  | 3.7           |

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

| Company              | Country | Instrument   | %     |
|----------------------|---------|--------------|-------|
| Dar Al Arkan 2023    | KSA     | Fixed Income | 12.2% |
| Kuwait Finance House | Kuwait  | Equity       | 12.0% |
| Boubyan Bank         | Kuwait  | Equity       | 11.5% |
| Mabaneer Co          | Kuwait  | Equity       | 11.1% |
| Air Arabia           | UAE     | Equity       | 8.5%  |

## Performance<sup>#</sup> (since inception 77.0%)

| Last 1mth | Last 3mth | 2010  | 2011  | 2012  | 2013  | 2014  | 2015   | 2016  | 2017 | 2018 |
|-----------|-----------|-------|-------|-------|-------|-------|--------|-------|------|------|
| 4.3%      | 9.2%      | -1.9% | -1.5% | 12.4% | 26.2% | 12.3% | -13.0% | -1.9% | 3.9% | 4.6% |

<sup>#</sup> Performance is calculated net of fees