

# Al Rayan GCC Fund (F)

February 2012

AuM: USD 10.72 million

NAV/unit: USD 1.019

**Overview:** The Fed's 'QE1' and 'QE2' offered cheap funding fuelling assets prices. The ECB has picked up the slack with LTRO and investors continued to pump money in to markets in February. Supportive US economic data and the conclusion of an EU bailout of Greece helped sentiment too. Apart from Greek 5-year CDS (nearing 20,000), European sovereign CDS tightened. Key global equity markets +3-4%, credit rallied, USD fell 2-3% and commodities rose (gold flat at \$1,722). WTI +11% (\$123), partly on improved sentiment and partly from a further rise in tension in the Gulf.

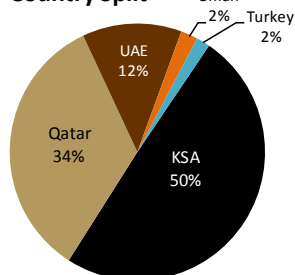
After having lagged EM equities and regional fixed income, GCC equities had a memorable month on very high retail-driven volume. 2011's laggard, Dubai, was the world's best performing stock market in February (+20.5%) triggered by positive surprises on 2011 dividends. KSA followed (+9.1%) as locals divert liquidity from real estate, while Bahrain (+0.8%) and Qatar (+2.1%) were the relative laggards. Fixed income had a quieter month than equities but Dubai-related names outperformed.

**Outlook:** GCC sentiment is sky-high and, despite the rally, some value remains. Dar Al Arkan will be in focus after allegations of irregularity were published anonymously, with former disgruntled employees suspected to be the source. However our discussions with management leave us comfortable with our significant sukuk position.

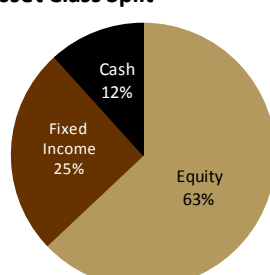
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	USD 30,000
- Institution	USD 300,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV 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



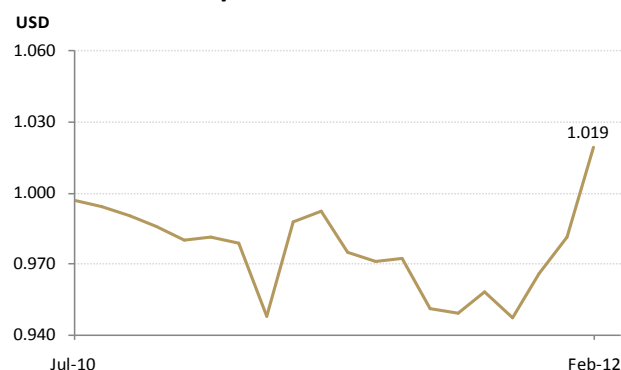
### Asset Class Split



Fund Indicators (Equity)	Feb 29
P/E 2012E	10.3x
P/BV 2012E	2.0x
Dividend Yield 2012E	5.2%
Average Market Cap (USD)	5.9bn

Fund Indicators (Fixed Income)	Feb 29
Average Maturity (Years)	1.3
Average Yield to Maturity	8.8%

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Dar Al Arkan 2012	KSA	Fixed Income	13.4%
Etihad Etisalat	KSA	Equity	11.9%
Barwa Real Estate	Qatar	Equity	10.5%
Industries Qatar	Qatar	Equity	7.9%
Almarai Co Ltd	KSA	Equity	6.4%