

Al Rayan GCC Fund (F)

June 2011

AuM: USD 9.74 million

NAV/share: USD 0.971

Overview: While developed world economies struggle to work off their debt problems, global capital markets remain vulnerable. In June, attention was on Greece (politics & restructuring) and the US (debt ceiling). Global equities, USD and commodities fell while credit widened. Brent -4% (WTI -8%) for the month after the IEA surprised with an announcement to release 60m barrels of sweet crude over summer.

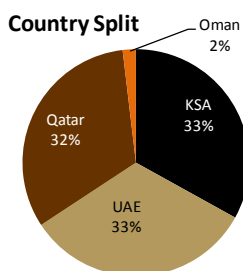
Most GCC equity markets dropped 2-3% in June however Qatar -0.7% and Abu Dhabi +2.5%. By comparison the Fund was just 0.4% lower on the month. MSCI said it would revisit the UAE and Qatar for EM index entry in Dec 2011. GCC credit outperformed equities as Dubai 5 year CDS touched a fresh 19-month low during the month.

Outlook: Markets now await Q2 with KSA and Qatar dominating July results. Liquidity is lower as many regional investors are away which is set to increase volatility on results. The fund has selectively added to both equity and sukuk positions in June. Our large cash allocation has been an important buffer and stock picking is key. We expect this to remain a differentiator with implied correlation likely to fall further over summer.

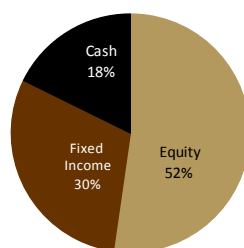
We retain a preference for KSA, Qatar and the UAE over the next 12 months which translates to a medium term positive view on the region. Despite expecting near term volatility, we continue to identify attractive entry opportunities with a view to medium term gain.

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
Regulation	Qatar Central Bank

Investments



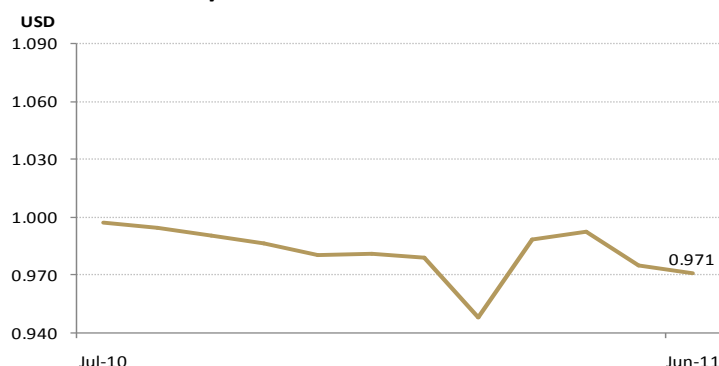
Asset Class Split



Fund Indicators (Equity)	Jun 30
P/E 2011E	10.0x
P/BV	2.1x
Dividend Yield	4.4%
Average Market Cap (USD)	8.1bn

Fund Indicators (Fixed Income)	Jun 30
Average Maturity (Years)	0.86
Average YTM	4.7%

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	18.9%
Barwa Real Estate	Qatar	Equity	10.3%
Etihad Etisalat	KSA	Equity	9.5%
Dar Al Arkan 2012	KSA	Fixed Income	6.8%
Qatar Islamic Bank	Qatar	Equity	6.3%

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Disclaimer: Past performance is not an indication of future results. The value of investments can go up as well as down. Investors should consider carefully information contained in the Fund prospectus, including investment objectives, risks, charges and expenses. Please read the prospectus carefully before investing. An investment is neither insured nor guaranteed by the Bank nor any other government agency. Although the Fund seeks to preserve and grow the value of your investment, it is possible to lose money by investing in the Fund. If in doubt please seek independent professional financial advice.