

# Al Rayan GCC Fund (F)

June 2012

AuM: USD 10.8 million

NAV/unit: USD 1.001

**Overview:** June was similar to May as continued uncertainty on Europe drove further selling. Also, US data disappointed and action is awaited from Chinese authorities to boost slowing growth. June/ Q2 would have been far worse but for a sharp rally on the last day of the month after EU leaders agreed on a €120bn short-term stimulus. Equities in June: US +4%, Europe +5%, India +8%, Brazil flat, China -6%. USD -2% while among commodities, Brent -2% (\$98), gold +2% (\$1,597) and ethylene -6%. Interestingly, for H1 2012, world equities +4.5%, Euro +2%, Brent -7%, gold +1% while 10-year US Treasury yields almost halved to just 1.64%.

GCC equity volumes were lower in June as many retail investors were away. However markets fell, led by Kuwait (-6.5%), KSA (-3.8%) and Qatar (-3.5%). For an outsider, GCC fixed-income seems to exist in a parallel universe as the multi-month rally accelerated sharply. Several new issues were brushed aside as \$4bn redeemed from four sukuk, including DIFC and Jebel Ali (JAFZA), looked for a home. A further \$4bn will be returned to bond investors in July from three sukuk maturing in Saudi Arabia.

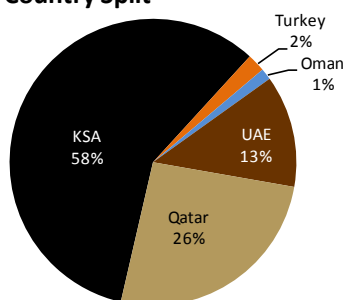
Dar Al Arkan 2012 & 2015 and Gulf Warehousing added positively to June's performance while Mobily, IQ and Almarai caused a drag.

**Outlook:** We await Q2 results and expect positive surprises in KSA. The Dar Al Arkan 2012 sukuk will mature during July, proceeds from which will be reinvested in both equities and sukuk.

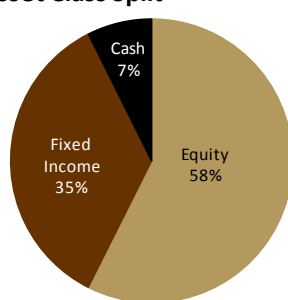
| Fund Facts                 |   |
|----------------------------|---|
| Asset class                | Shari'a compliant, GCC listed equities and fixed-income instruments |
| Investment Objective       | 3-5 year capital appreciation                                       |
| Minimum initial investment |   |
| - 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



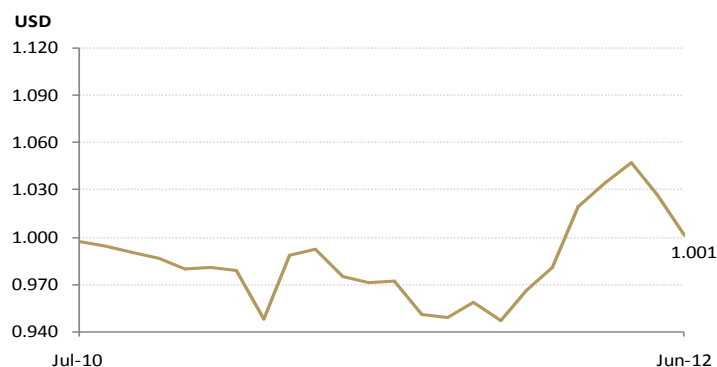
### Asset Class Split



| Fund Indicators (Equity) | June 30 |
|--------------------------|---------|
| P/E 2012E                | 10.0x   |
| P/BV 2012E               | 1.9x    |
| Dividend Yield 2012E     | 5.3%    |
| Average Market Cap (USD) | 5.0bn   |

| Fund Indicators (Fixed Income) | June 30 |
|--------------------------------|---------|
| Average Maturity (Years)       | 1.4     |
| Average Yield to Maturity      | 7.7%    |

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

| Company                     | Country | Instrument   | Holding |
|-----------------------------|---------|--------------|---------|
| Dar Al Arkan 2015           | KSA     | Fixed Income | 13.9%   |
| Dar Al Arkan 2012           | KSA     | Fixed Income | 13.8%   |
| Etihad Etisalat Co (Mobily) | KSA     | Equity       | 11.2%   |
| Barwa Real Estate Co        | Qatar   | Equity       | 9.1%    |
| Industries Qatar QSC        | Qatar   | Equity       | 6.9%    |