

Al Rayan GCC Fund (F)

May 2011

AuM: USD 9.78 million

NAV/share: USD 0.975

Overview: We highlighted the chance of a pull back in the last newsletter and after two strong months, GCC equities declined in May -- but still outperformed broader Emerging Markets. Only KSA ended the month in the green (+0.5%) helped by a surge in consumer, cement and construction related names. Dubai (-4.5%) was the worst performer, giving back April's gains. Doha fell 2.5% in an expectedly volatile month with noise surrounding FIFA 2022 and MSCI EM inclusion. Brent crude recovered half its losses early in the month to average \$114 and the USD bounced back vs the Euro as debt concerns re-emerged for EU periphery countries.

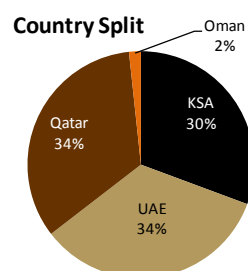
The rally in regional fixed income was sustained despite several new issues as excess liquidity continues to be put to work by Treasury desks and sentiment towards Dubai Inc improved further. Dubai 5 year CDS has now tightened to 335, the lowest since November 2009.

Outlook: The two dominant themes of strength of the Saudi consumer and the recovery of Dubai are likely to remain in the coming months. The fund was already partly positioned for this and we continue to add exposure when entry levels are attractive.

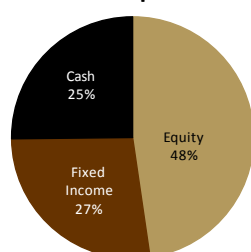
Despite current volatility, we remain structurally positive on regional assets. We are vigilant to new opportunities while maintaining a constant focus on capital preservation.

| 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



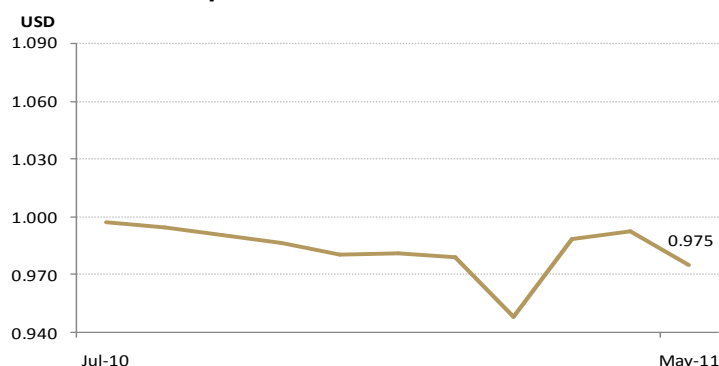
Asset Class Split



| Fund Indicators (Equity) | May 31 |
|--------------------------|--------|
| P/E 2011E | 9.9x |
| P/BV | 2.1x |
| Dividend Yield | 4.5% |
| Average Market Cap (USD) | 8.03bn |

| Fund Indicators (Fixed Income) | May 31 |
|--------------------------------|--------|
| Average Maturity (Years) | 0.85 |
| Average YTM | 4.2% |

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 | 10.0% |
| Etihad Etisalat | KSA | Equity | 9.3% |
| Qatar Islamic Bank | Qatar | Equity | 6.3% |
| Aldar Sukuk 2013 | UAE | Fixed Income | 5.2% |

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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.