Al Rayan GCC Fund (F)



October 2011

AuM: USD 9.83 million

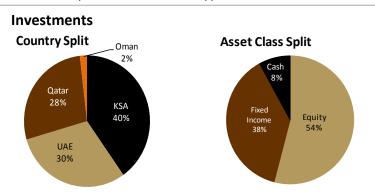
NAV/unit: USD 0.958

Overview: Markets continue to move in extremes. After one of the worst quarters for many years, October saw some risk assets posting record monthly gains as Europe appeared to have (temporarily) stepped back from the debt precipice as politics trumped economics and US economic data improved slightly. Equities spiked (S&P500 +11% on the month and now -1% YTD), risk currencies rallied (EUR +4% to 1.38), commodities joined in (copper +17%, Brent +8% to \$109) and CDS tightened (Greece 5 year tightened 40% to 3516bp).

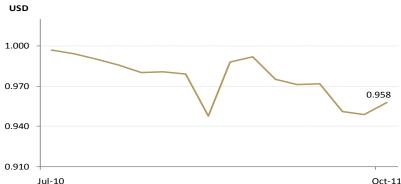
GCC equities, having not suffered such a sharp sell-off, rallied relatively modestly: again our focus countries led, with Qatar +2.4% and KSA +1.8%. Dubai -1.7% to a 7-year low. However GCC sukuk which have more foreign ownership bounced back after an October sell-off. The fund benefitted from the better market conditions.

Outlook: Europe dodged a bullet but there are likely many more to come - across the indebted industrial world. Volatility is unlikely to fall significantly and the worry of another global recession will remain at the back of investors' minds.

We maintain our discipline and focus on medium-term value opportunities in Qatar and KSA where fundamentals remain strong. Aldar 2011 sukuk matures in November injecting cash to the fund; we will likely reinvest the proceeds in other sukuk opportunities.



Net Asset Value/Unit



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	

Fund Indicators (Equity)	Oct 31
P/E 2011E	10.0x
P/BV	2.1x
Dividend Yield	4.6%
Average Market Cap (USD)	6.3bn

Fund Indicators (Fixed Income)	Oct 31	
Average Maturity (Years)	0.5	
Average YTM	5.8%	

Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Aldar Sukuk 2011	UAE	Fixed Income	18.6%
Dar Al Arkan 2012	KSA	Fixed Income	14.3%
Barwa Real Estate	Qatar	Equity	10.1%
Etihad Etisalat	KSA	Equity	9.2%
Qatar Islamic Bank	Qatar	Equity	6.5%

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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.