



# Al Rayan GCC Fund



August 2023

NAV/unit: QAR 2.561

Performance YTD: +19.1%

**Overview:** A volatile August where Fitch lowered the US credit rating to AA+ and Chinese economic data remained weak. US equities -2% and Europe -3% while in EM, Russia was flat, Brazil -3%, while both India and China dropped 5%. US interest rates remain volatile, 10-year US Treasury yields rose 15bp over the month to 4.11%, while the US Dollar gained 1-2% against major currencies. In line with the overall negative sentiment, most commodities were lower, except ethylene +12% and Brent crude +3% (\$86.8). On the losing side, steel -9%, urea and copper both around -4%, aluminium -3% and gold -1%, to \$1,940.

Gulf equities were not spared with Qatar -7%, Kuwait -5%, Bahrain -2%, while Dubai, Abu Dhabi and Oman gained around 0.5%. There was no regional fixed income issuance in August. Within sukuk, average spreads were 10bp higher, average yield to maturity +19bp to 5.80%, and sukuk returned -0.06% over the month.

Burjeel Holding, Air Arabia and Aldrees Petroleum helped the fund most in August; Mouwasat, Al Hammadi Holding and Saudi Airlines were key laggards.

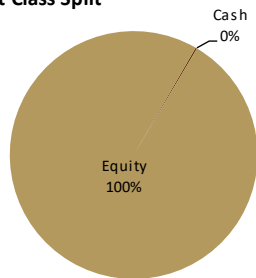
**Outlook:** With further interest rate increases likely, companies with high leverage will continue to feel the pain. We remain unenthusiastic about banks (the largest sector) and most commodity stocks. But with aggressive spending plans in many Gulf countries, we see ample opportunities, especially in Saudi and UAE. We see secular growth opportunities in sectors including tourism, health, education and hydrocarbon exploration.

## Fund Facts

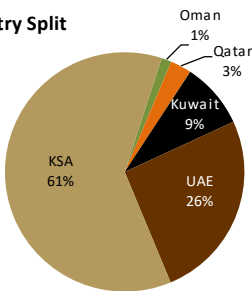
<b>Asset class</b>	Shari'a compliant GCC listed equities and sukuk
<b>Investment Objective</b>	18-24 month capital appreciation
<b>Minimum investment</b>	
- <b>Individual</b>	QAR 35,000 initially, QAR 5,000 thereafter
- <b>Institution</b>	QAR 350,000 initially, QAR 50,000 thereafter
<b>Subscription Fees</b>	up to 1%
<b>Management Fees</b>	1.25% pa
<b>Performance Fees</b>	20% of NAV increase above 24%, over 2-years
<b>Fund Duration</b>	Open-ended
<b>Founder</b>	Masraf Al Rayan QPSC
<b>Fund Manager</b>	Al Rayan Investment LLC
<b>Regulator</b>	Qatar Central Bank
<b>Custodian</b>	HSBC Bank Middle East
<b>Auditor</b>	PricewaterhouseCoopers
<b>Bloomberg/ Lipper</b>	ARYGCCQ QD/ 68048996
<b>Net Asset Value (NAV)</b>	QAR 385.9m
<b>Dividend Distribution</b>	Semi-annual (January & July)

## Investments

### Asset Class Split



### Country Split



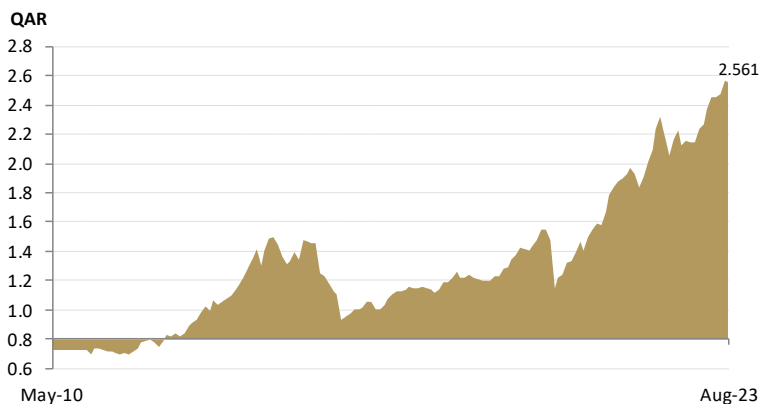
### Fund Indicators (Equity)

Fund Indicators (Equity)	August 2023
P/E 2023E	20.8x
P/BV 2023E	5.2x
Dividend Yield 2023E	2.6%
Weighted Market Cap (QAR)	16.9bn

### Fund Indicators (Fixed Income)

Fund Indicators (Fixed Income)	August 2023
Weighted yield to maturity	-
Weighted maturity (Years)	-

## Net Asset Value/Unit (adjusted for dividends)



## Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	%
Emaar Properties	UAE	Equity	6.8%
Arabian Drilling	KSA	Equity	6.2%
Saudi Airlines Catering	KSA	Equity	6.0%
Al Hammadi Holding	KSA	Equity	5.4%
Ali Alghanim sons automotive Co.	Kuwait	Equity	5.4%

## Performance net of fees

1 month	3 months	Inception	2018	2019	2020	2021	2022
-0.4%	7.8%	190.5%	4.9%	23.3%	0.2%	19.7%	11.5%