Al Rayan GCC Fund (Q)



January 2012

AuM: QAR 162.87 million

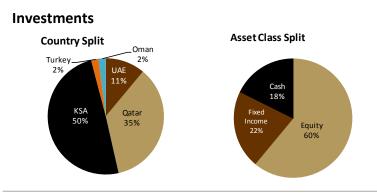
NAV/unit: QAR 1.009

Overview: Historically, January has been the best performing month of the year for global risk assets and it did not disappoint in 2012. Despite still no conclusion to Greek debt restructuring talks and increasing worries about Portugal, improving US and Chinese economic data drove sentiment. Emerging market assets which had been punished in Q4, outperformed, with Brazilian and Indian equities +11% and their currencies bouncing 7%. The S&P500 added 4.5%. Commodities jumped too: ethylene +19%, aluminium +15%, gold +10% (\$1731) and WTI +4% (\$111). However US gas prices (Henry Hub) plunged 15%. Money market stresses receded but normality has not returned. Developed market sovereign CDS tightened considerably.

GCC equities were very mixed with Dubai leading the way for a change (+6% on improving risk sentiment), followed by KSA (+3% on strong results and rumours foreign investors will be allowed). Also for a change, Qatar lagged (-2.5% after dividend disappointment from several banks). GCC sukuk rallied hard, led by Dubai names as investors are increasingly comfortable with repayments due in 2012.

Outlook: A great start to 2012 with GCC corporates reporting solid Q4 results so far. Our conviction in KSA and Qatar remains and our bets in the UAE are bearing fruit. Markets do not move in straight lines but we will continue to manage the fund based on a positive medium-term outlook for our core markets with an eye always on value.

| 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 | QAR 100,000 | |
| - Institution | QAR 1,000,000 | |
| 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) | Jan 31 |
|--------------------------------|--------|
| P/E 2011E | 10.8x |
| P/BV | 2.3x |
| Dividend Yield | 4.6% |
| Average Market Cap (QAR) | 20.1bn |
| | |
| Fund Indicators (Fixed Income) | Jan 31 |

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|--------------------------------|--------|
| Average Maturity (Years) | 1.1 |
| Average Yield to Maturity | 11.1% |

Net Asset Value/Unit



Top 5 Holdings (% of total portfolio)

| Company | Country | Instrument | Holding |
|-------------------|---------|--------------|---------|
| Dar Al Arkan 2012 | KSA | Fixed Income | 15.6% |
| Barwa Real Estate | Qatar | Equity | 8.6% |
| Industries Qatar | Qatar | Equity | 8.2% |
| Qatar Industrial | | | |
| Manufacturing Co | Qatar | Equity | 7.9% |
| Etihad Etisalat | KSA | Equity | 7.8% |

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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.