

# Al Rayan GCC Fund (Q)

May 2011

AuM: QAR 152.7 million

NAV/share: QAR 0.999

**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.

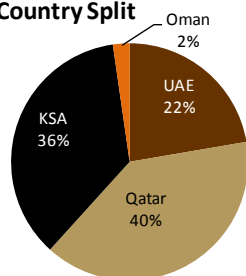
**Outlook:** The two dominant themes of strength of the Saudi consumer and the recovery of Dubai are likely to remain in the coming months. The fund was already partly positioned for this and we continue to add exposure when entry levels are attractive.

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

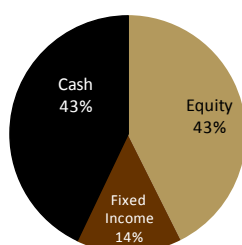
Fund Facts	
Asset class	Shari'a compliant, GCC listed equities and fixed-income instruments
Investment Objective	3-5 year capital appreciation
Minimum initial investment	
- Individual	QAR 100,000
- Institution	QAR 1,000,000
Subscription Fees	up to 1%
Management Fees	1.25% pa
Performance Fees	10% of NAV 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

## Investments

### Country Split



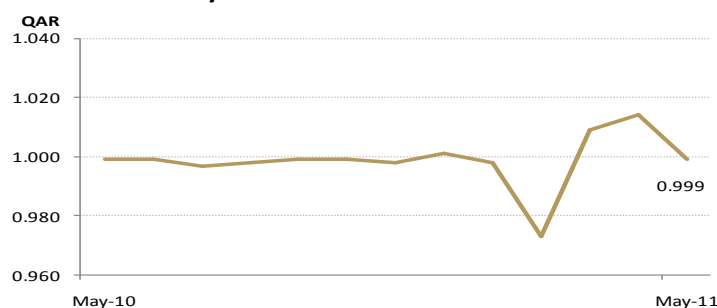
### Asset Class Split



Fund Indicators (Equity)	May 31
P/E 2011E	10.0x
P/BV	2.1x
Dividend Yield	4.5%
Average Market Cap (QAR)	29.2bn

Fund Indicators (Fixed Income)	May 31
Average Maturity (Years)	1.12
Average YTM	5.1%

## Net Asset Value/Unit



## Top 5 Holdings (% of total portfolio)

Company	Country	Instrument	Holding
Barwa Real Estate	Qatar	Equity	8.4%
Etihad Etisalat	KSA	Equity	7.4%
Aldar Sukuk 2011	UAE	Fixed Income	6.1%
Qatar Islamic Bank	Qatar	Equity	5.9%
Aldar Sukuk 2013	UAE	Fixed Income	4.8%