

Rasmala GCC Fixed Income Fund



December 2011

Investment Objective

The Rasmala GCC Fixed Income Fund invests in a diversified portfolio of GCC bonds and Sukuks across different countries by issuer, coupon and maturity. The Fund aims to achieve income and capital appreciation through investment in investment-grade government, government-related and corporate bonds, Sukuks, debentures or other similar financial instruments. The Fund intends to pay out semi annual distributions of accumulated coupon payments on June 30th and December 31st net of management fees.

Market Performance

December posted a strong return for the GCC region. On the 6th of December, Moody's had issued a report stating that Dubai related entities, who have approximately \$10 billion in debt due in 2012, will face financing difficulties due to the debt crises in Europe. This report spooked investors causing Dubai CDS to rise by 40 basis points. Dubai Holdings, whose \$500 million bond is due on the 1st of February 2012, immediately responded that they would be paying back the bond in full using their own cash flow. Mohammed Al Shaibani, director general of the Dubai Ruler's Court, said "As Dubai, I have interest to back up the government entities and the government-related enterprises –anything that is sizable with a major benefit to the economy." Investors anticipated that this statement was directed towards the DIFC and Jafza Sukuk maturing this year and took this statement as reassurance that the bonds will be repaid in full. DIFC, this month, also repaid a \$200 million loan to Deutsche Bank. In the last week of the month, Aldar properties announced that Abu Dhabi's government agreed to buy assets valued at 16.8 billion Dirhams (\$4.57 billion). This proves Abu Dhabi's commitment towards Abu Dhabi owned entities.

Abu Dhabi's Taqa (A3/A) issued a dual-tranche USD 1.5 billion bond. The 5 year bond was issued at a coupon of 4.125% and the 10 year bond was issued at a coupon of 5.875%. The bond saw strong demand with the order book reaching USD 7.5 billion. After conducting a liability management exercise, Taqa bought back 39.3% of the USD 1.5 billion and hence will pay only the remainder of a 5.62% notes due October 2012.

Market Outlook

We expect the focus in the first half of 2012 to remain on Europe. Greece has EUR 14 billion (about \$18 billion) in debt redemptions coming due in March. Italy has EUR 275 billion of debt and interest payments in 2012 and France may lose its AAA rating. The strategy is to approach the year cautiously as we expect a high degree of volatility. We expect this volatility to create buying opportunities for investors and GCC credits to perform well due to the strong backing by the government.

Fund Information

Asset Type	Fixed Income
Fund Currency	USD
Country Focus	GCC Region
Domicile	Cayman Islands
Inception Date	March 31, 2009
Structure	Open-Ended
Subscription Frequency	Weekly
Redemption Frequency	Weekly
Lock Up	None
Official December NAV/ unit (USD)*	120.6565
Management Fee	0.85%
Min. Initial Subscription	270,000
Min. Add. Subscription	10,000

*NAV of the last week of the month

Fund Manager

Chandru Bhatia

Risk/Return Measures

Current Average Maturity	6.11
Current Average Yield	4.92%
Current Average Rating	A3

Fund Performance

	December 2011	Year-to-Date	2010
Rasmala GCC Fixed Income Fund	2.14%	6.47%	10.14%

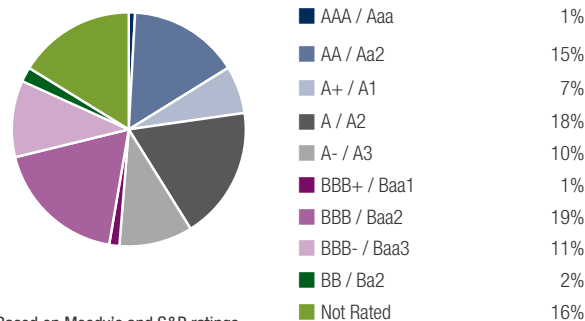
Annualized Returns (%)

	1Y	2 Y	Since Inception
Rasmala GCC Fixed Income Fund	6.47%	8.29%	12.15%

Performance Graph



Credit Rating*



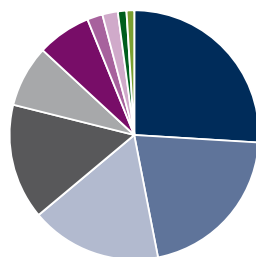
*Based on Moody's and S&P ratings

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Country Allocation



Abu Dhabi	26%
Dubai	21%
Qatar	17%
Bahrain	15%
Kuwait	8%
Cash	7%
Jordan	2%
Turkey	2%
Sharjah	1%
Morocco	1%

Sector Allocation

Sector Allocation	Weight
Sovereign	32%
Banks	32%
Petroleum	10%
Gas	10%
Investment	7%
Power Generation	5%
Airline	2%
Telecommunication	2%

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