

# QE Al Rayan Islamic Index



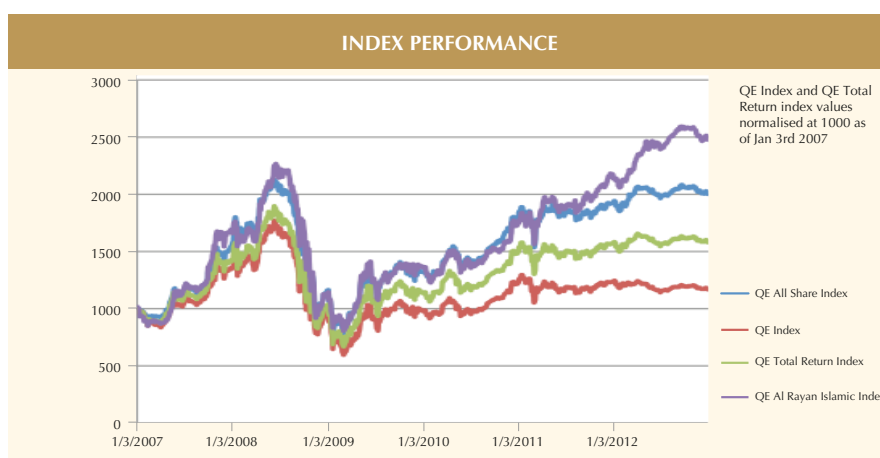
The QE Al Rayan Islamic Index launched by Qatar Exchange (QE) and Al Rayan Investment (Al Rayan) is a total return index, reflecting both price performance and dividend income, of Shari'a compliant stocks (as approved by Al Rayan's Shari'a Supervisory Board) listed on the Qatar Exchange.



## ATTRACTIVE VEHICLE TO GAIN EXPOSURE TO THE QATAR STORY

The index has been designed as an attractive and diversified reference for all investors to gain exposure to the Qatari growth story. In creating the index, QE and Al Rayan focused on the following important criteria:

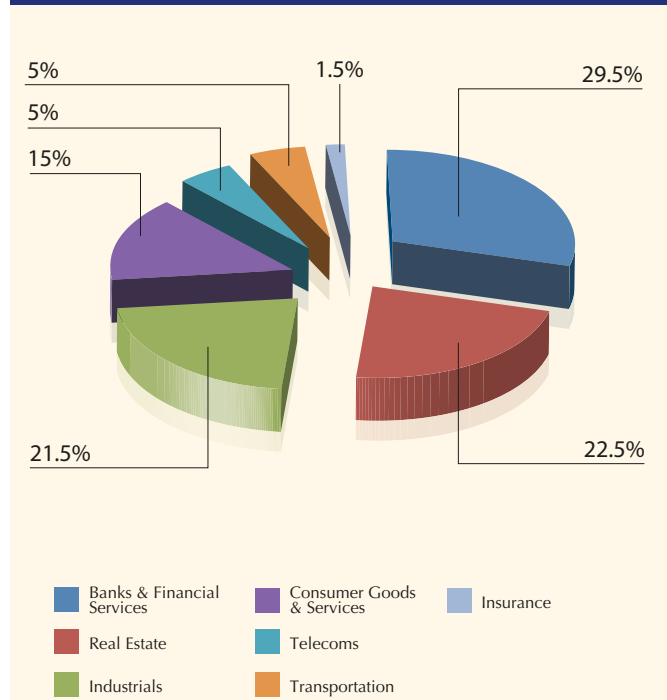
- **Diversification**  
Offering relatively balanced exposure across key sectors
- **Concentration Risk**  
Ensuring a very small number of stocks do not have a disproportionate weight in the index
- **Liquidity**  
Adopting a stock weighting mechanism also accounting for average trading volumes
- **Shari'a Screening Methodology**  
A methodology to reflect the needs of the local market and global investors



### Returns (as of December 31st, 2012)

QE Al Rayan Islamic Index	YTD	1Y	3Y	5Y	MAX
	14.38%	14.38%	83.09%	48.79%	148.82%

## SECTOR ALLOCATION



## INDEX CONSTITUENTS

Company	Index Weight
Industries Qatar	15.00%
Masraf Al Rayan	12.00%
Barwa Real Estate Co.	10.00%
Qatar Islamic Bank	7.50%
United Development Company	7.50%
Qatar International Islamic Bank	5.00%
Qatari Investors Group	5.00%
Vodafone Qatar	5.00%
National Leasing	5.00%
Gulf Warehousing Company	5.00%
Al Meera Consumer Goods	5.00%
Mazaya Qatar Real Estate Development	5.00%
Qatar Meat & Livestock	5.00%
Medicare Group	2.50%
Zad Holding Co.	2.50%
Qatar Islamic Insurance	1.50%
Qatar Industrial Manufacturing Company	1.50%

## APPROACH TO INDEX CREATION

The QE Al Rayan Islamic Index employs a tiered weighting structure based on liquidity-adjusted, free-float market capitalisation. This alternative to traditional market capitalisation weighted indices serves to reduce the weight of less liquid stocks whilst providing diversification across the entire basket.

### SHARI'A SCREENING

The Shari'a screening process for the QE Al Rayan Islamic Index is based on a methodology approved by Al Rayan's Shari'a Supervisory Board for which a fatwa has been issued. The index is subject to dividend purification.

The two-stage screening methodology reflects both financial and business aspects of a company, as below:

#### Financial Screen

- Total debt over total assets
- Sum of a company's cash and interest-bearing securities over total assets
- Sum of a company's accounts receivables and cash over total assets

None of the above mentioned financial ratios should exceed 33.33%

#### Prohibited Sector Screen

- Alcohol
- Tobacco
- Pork Related Products
- Conventional Financial Services
- Weapons
- Gambling/Casinos
- Music
- Hotels (except Shari'a-compliant hotels)
- Cinema
- Adult Entertainment

### WEIGHTING METHODOLOGY

QE's independent Index Committee governs the index's weighting methodology and adherence to index rules.

#### • Minimum Size Criteria

Based on free float weights of all Shari'a-compliant stocks with an annualized share velocity greater than 5%, all stocks with weight greater than or equal to 0.5% will be included in the index.

#### • Liquidity Scaling

A liquidity scaling factor is to be applied to the free-float market capitalisation of stocks whose free-float to Average Daily Volume (ADV) ratio is less than the average of the index constituents. The factor is applied to reduce the free float of less liquid stock in the index to the effect that the new free-float to ADV ratio is equal to index average.

#### • Revised Ranking

Liquidity scaling results in lowering the rank of less liquid stocks in the index basket.

#### • Tiered Weight Structure

Further to above, weights are assigned to the index constituents such that weight of top component is 15%, the second largest is 12%, the third is 10%, the next two 7.5%, the next eight constitute 40% in total, the next banding has 2.5% each and remaining components constitute 3%. The weighting of the last group of constituents may be diluted for any new additions.

## FACTSHEET

<b>Index</b>	QE Al Rayan Islamic Index
<b>Index Type</b>	Total Return Index
<b>Index Governance Structure</b>	Qatar Exchange (QE)
<b>Eligible Stocks</b>	Based on free float weights of all Shari'a compliant stocks (5% minimum share velocity <sup>1</sup> ), stocks with weight greater than or equal to 0.5% will be included in the index
<b>Selection</b>	Index consists of all eligible stocks
<b>Number of Constituents</b>	Not capped
<b>Weighting</b>	Tiered weighting structure based on liquidity adjusted free float market capitalisation
<b>Review Frequency</b>	Semi-annual. 1st business day of April and October in the State of Qatar
<b>Calculation Frequency</b>	Real time
<b>Base Date</b>	January 3rd, 2007
<b>Base Level</b>	1000
<b>Historic Data Since</b>	January 3rd, 2007
<b>Launch Date</b>	January 7th, 2013

<sup>1</sup>Velocity is defined as the ratio of annual value traded to average daily full float market capitalization. Measurements utilize previous 12 months trading data.