

Al Rayan Qatar ETF (QATR)

Product Brief

April 2018



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- Masraf Al Rayan, in collaboration with Al Rayan Investment, launched the first Shari'a-compliant ETF on the Qatar Stock Exchange

Al Rayan Qatar ETF (QATR)

First day of trading: Wednesday 21st March 2018

- QATR aims to replicate the *QE Al Rayan Islamic Index (Price)*, before fees and expenses
- The *QE Al Rayan Islamic Index (Price)* consists of Shari'a-compliant equities listed on the Qatar Stock Exchange, which meet the Exchange criteria. The index is reviewed on 1st April and 1st October of each year
- At the last reweight on 1st April 2018, the index was comprised of securities in the table to the right:

Purchasing one share of an ETF is effectively buying all securities in the underlying index, in the same proportion as the index, simultaneously

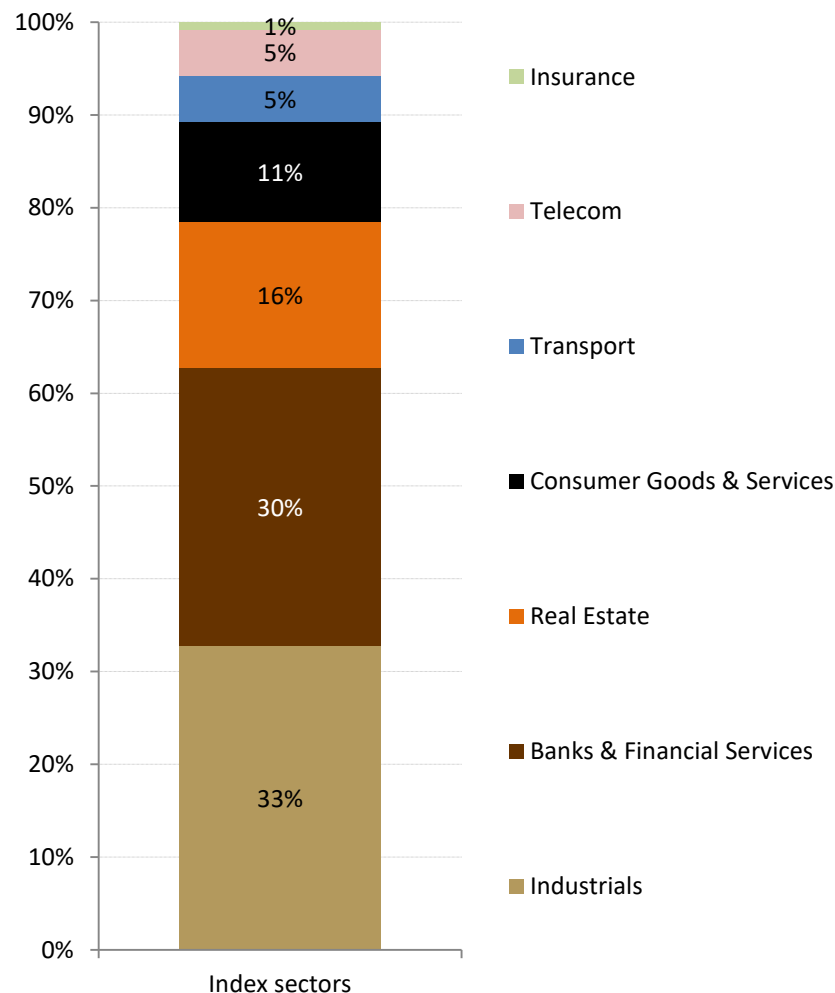
	Company	Index Weight
1	Masraf Al Rayan	15.00%
2	Industries Qatar	12.00%
3	Barwa Real Estate	10.00%
4	Qatar Islamic Bank	7.50%
5	Qatar Electricity and Water	7.50%
6	Qatar International Islamic Bank	5.00%
7	Gulf Warehousing	5.00%
8	Medicare Group	5.00%
9	Al Meera Consumer Goods Co.	5.00%
10	United Development Company	5.00%
11	Aamal Co.	5.00%
12	Vodafone Qatar	5.00%
13	Qatari Investors Group	5.00%
14	Qatar National Cement Co.	2.50%
15	Qatar First Bank	2.50%
16	Mazaya Qatar	0.75%
17	Qatar Industrial Manufacturing	0.75%
18	Widam Food Company	0.75%
19	Qatar Islamic Insurance Co.	0.75%

An investment in Al Rayan Qatar ETF represents an investment in the underlying securities of the QERP index

- In January 2013, Al Rayan Investment, in collaboration with Qatar Stock Exchange, launched the region's first Shari'a-compliant country equity index: QE Al Rayan Islamic Index (Price) (QERP)
- The QERP index was developed to create an enhanced, diversified vehicle to access medium-term growth in the Qatari economy

Key characteristics of the index:

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



Al Rayan Qatar ETF (QATR): Key terms

Founder	Masraf Al Rayan QSC
Fund Manager	Al Rayan Investment LLC
Shari'a Board	Al Rayan Investment Shari'a Supervisory Board
Administrator/Custodian	HSBC Bank Middle East
Auditor	KPMG Qatar
Liquidity Provider	The Group Securities QSC
Legal Advisor	K&L Gates LLP
Regulator	Qatar Central Bank
Listing Regulator	Qatar Financial Markets Authority
Asset Class	Equity
Product Structure	Physical
Total Expense Ratio (TER)	0.50% per annum
Benchmark Index	QE Al Rayan Islamic Index (Price)
Listing Exchange	Qatar Stock Exchange
Fund and Index Currency	Qatari Riyal (QAR)
Rebalance Frequency	Semi-annual (April & October)
Dividend	Dividends to be paid at least once every year
Dealing Day	Any day on which the Qatar Stock Exchange and banks are open in the State of Qatar

Key Advantages

Cost effectiveness

- ETFs offer a cost-effective route to diversified market exposure

Transparency

- Details of underlying securities are readily available to investors

Liquidity

- ETFs are a liquid investment where investors can trade their holdings during market hours. Al Rayan Qatar ETF will have a liquidity provider tasked with maintaining tight bid-offer spreads

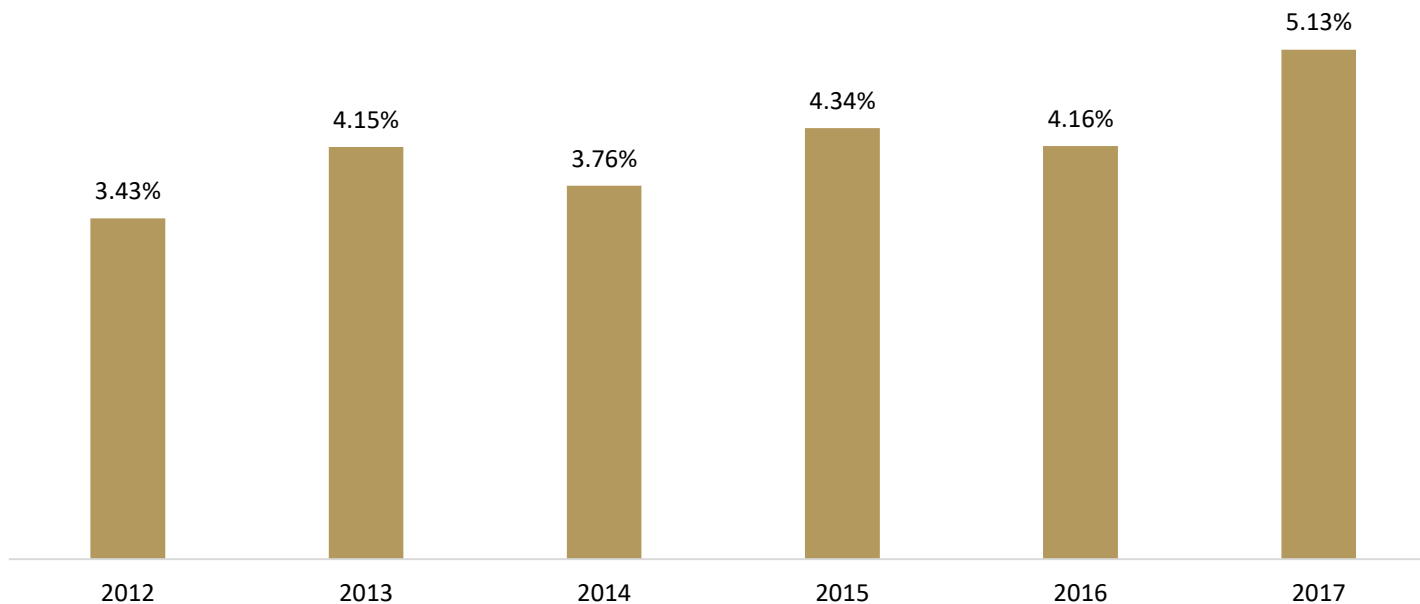
Diversification

- ETFs provide exposure to a basket of securities for instant diversification

Real time investment value

- ETF pricing is continuous throughout the day allowing the valuation of an investment to be determined in real time

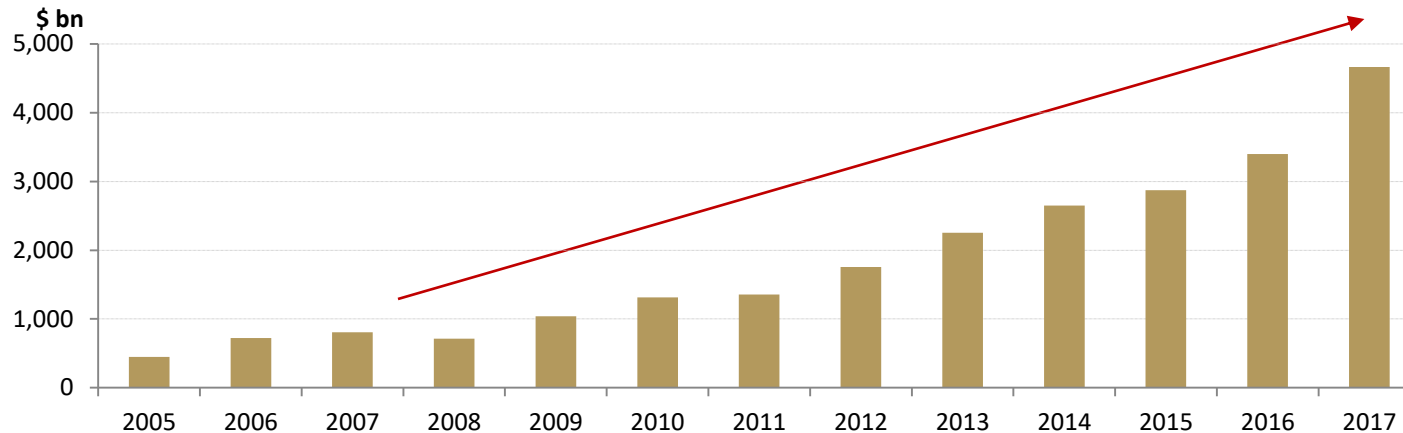
Dividend yield for QE Al Rayan Islamic Index



Al Rayan Qatar ETF (QATR) will distribute dividends, at least once annually

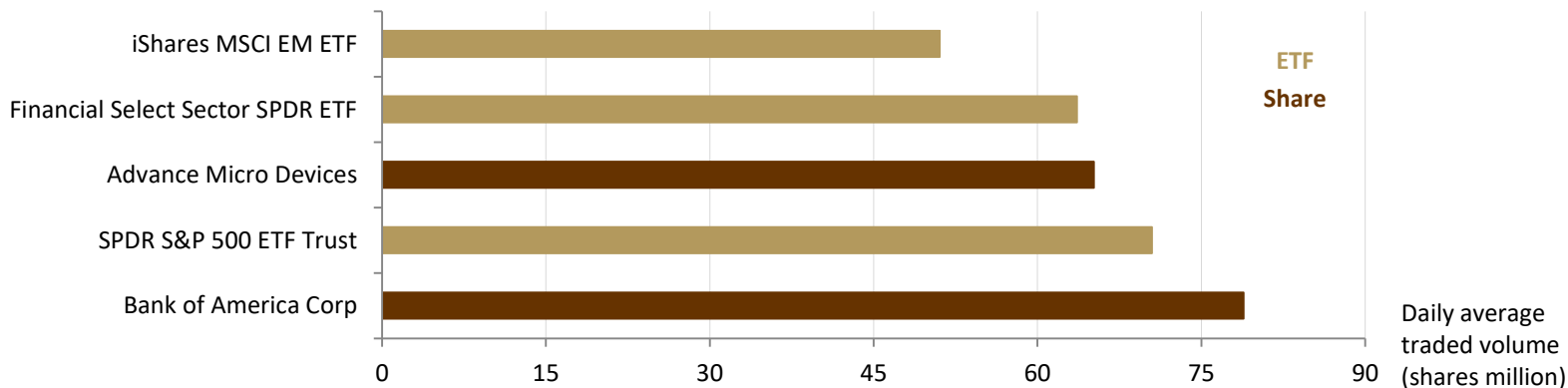
ETF assets surged to \$4.6 trillion in 2017, surpassing hedge funds

Global ETF Assets



➤ Globally, passive investments are now in excess of \$8 trillion. More than half of these investments are in ETFs

In 2017, three of the five most traded stocks on the New York Stock Exchange were ETFs



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