

Fund Objective

The Fund seeks long-term capital appreciation through investing in listed Middle East and North African equity markets.

Markets Commentary and Investment Outlook

Events in the region, beginning in Tunisia in December and escalating into Egypt, have dominated the headlines in our region since the New Year. We remain bullish on the region, which we believe to be experiencing a necessary transition from authoritarian government to a more moderate, FDI friendly model. We view recent trading in both fixed income and equity markets as supportive of this conclusion. Egyptian GDRs continued to trade during the most recent market closure, and rose throughout the period, while Egyptian sovereign bonds recovered from panic yields to levels more associated with price risk.

We view any step toward a more free system as positive, in that it will position the country favorably for FDI flows and therefore provide broader support to the country's long term competitive position.

This is as true for Tunisia as it is for Egypt; that the post change outlook is likely to reinforce the quality of our investment case. What is less clear is the period of time which needs to elapse for this to happen. We expected to see an increase in the market's concern over politics as we proceeded toward the election date in September of 2011; we view the current volatility as essentially bringing that tension forward.

Currently, the Fund is not directly invested in Tunisia. Our exposure comes from our investment in Wataneya, a Kuwaiti-based telecom operator, which has a 75% ownership in Tunisiana representing 20% of Wataneya's revenues, the number one telecom operator in Tunisia by market share. After running a couple of stress tests on the company earnings to determine the effect of a slowdown in the Tunisian market, we concluded that the company remains attractive on valuations both on a relative and peer comparison basis, hence it was the investment manager's decision to hold this investment.

While the Egyptian market remains closed till Sunday, 13th of February, an indicative GDR Index, which tracks the performance of the Egyptian GDRs while the market is closed, is seeing a nice rebound. The index's performance was down 20.2% inline with the EGX performance; currently the index is down only 14.8% as of February 7th, hence a rebound of around 5.4%.

Some of the neighbouring GCC countries also suffered some losses during the month on fears of similar uproars. Such markets were quick to reverse the panic selling in the first week of February.

Oman, Bahrain, Qatar, Lebanon, Jordan, Palestine, Morocco and Kuwait all managed to outperform the index despite the regional tensions ending the month 1.2%, 1.2%, 0.7%, 0.2%, 0.0%, 0.0%, -0.7% and

-1.4% respectively. Egypt and Tunisia, needless to say, were the worst performers ending the month down 20.9% and 13.3% respectively. Dubai, Abu Dhabi and Saudi Arabia also underperformed the index ending the month down 5.9%, 4.9% and 4.0% respectively.

The investment manager was able to slightly lower exposure in the outperforming markets at good levels and reinvest in Qatar, mainly, given the limited possibility of the eruption of similar unrest there in addition to the strong macro story.

We remain optimistic on the MENA front while acknowledging that it will take some time for the political scene to settle and for foreigners to regain trust in the Egyptian economy and the region overall.

Fund Performance

Period	Beltone MENA	S&P Pan Arab
January	-7.2%	-3.9%
YTD	-7.2%	-3.9%
2010	16.8%	15.3%
2009	9.7%	18.2%
2008	-47.1%	-49.8%
SI	-29.5%	-23.7%

Fund Information

NAV per Share	7.22
Launch Date	October, 2007
Listing	ISE
Structure	Open ended
Subscription / Redemption	Monthly
Minimum Subscription	USD 10,000 with no further min. on subscriptions thereafter
Management Fees	1.75% of NAV accrued daily and paid monthly
Performance Fees	15% above a hurdle rate of 10% subject to a high watermark in the relevant performance period accrued monthly and paid yearly

Fund Characteristics

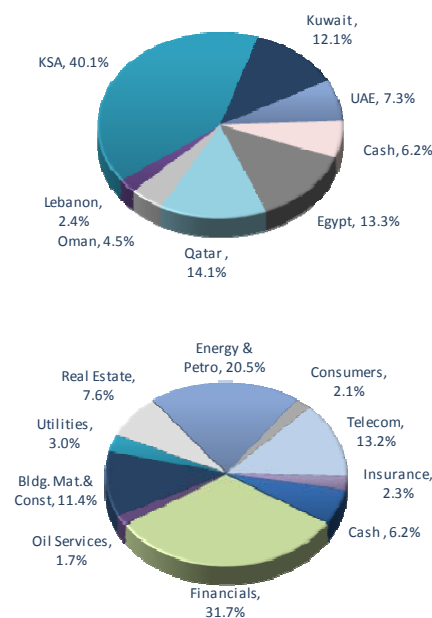
No. of Holdings	31
PE 11e*	10.0x
Earnings Growth 10e (%)*	34.6%
Dividend Yield 10e (%)*	2.7%
MCAP (USD bn)*	17.9

* Weighted average calculation excludes cash position

Company	Country	% Assets
SABIC	KSA	10.4%
Al Rajhi Bank	KSA	9.5%
NMTC	Kuwait	4.4%
Zain	Kuwait	4.1%
Mobily	KSA	4.0%
Total		29.6%

Note: As of January 31st, 2011

Country & Sector Allocation



Note: As of January 31st, 2010