

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

Qatar was the best performing market in our universe this month, advancing 4.4% versus the S&P Pan Arab Index's 0.7% decline. Tunis' 3% gain recovered some of last month losses, followed by Jordan, Oman and Egypt who nudged ahead of the index, closing up 0.8%, 0.6% and 0.5% respectively. Dubai, Abu Dhabi, Kuwait, Palestine, Bahrain and KSA closed in the red at -5.4%, -3.1%, -2.4%, -2.2%, -1.7%, -0.6% and -0.1% respectively*.

Regional investor risk appetite is recovering, despite a challenging backdrop which includes European credit issues. Investors like the region's key macro drivers in 2011, which include high profile government spending programs. These are joined by an increasingly positive consensus toward oil prices, the latter helped by quantitative easing. The result has been a pickup in the level of investor interest, a fact we observed on a recent trip to the region, during which we met with some 100 investors and 18 corporates. Our confidence is underscored by strong flows into MENA dedicated funds, which we saw in November. Lastly, solid demand for fixed income reinforces our bullish view on risk. Recent bond issuances in the region have trended to healthy levels of oversubscription, further reinforcing the case for regional equities.

Positive macro data is a driver of Qatari outperformance. In November, Qatari central bank data again surprised positively with the public sector outperforming the private sector on the lending growth front. With 3.5% sequential loan growth, QNB, the Fund's largest holding, has the largest market share of the government's loans and deposits and hence directly benefits from the expanding fiscal base. Moreover, the market continues to see strong local retail and foreign flows in anticipation of Doha hosting the 2022 World Cup, a competition it subsequently won. The government announced a USD 50bn spending program to meet the resulting 2022 infrastructure challenge. The investment manager has confidence in the continued quality of the Qatar story, and thus maintains the country as our strongest overweight position in the fund.

The Saudi market was also cheered by positive asset growth in the banking sector, with loan growth expanding at a healthy 2% quarterly rate. This was offset by the delays to the opening of Maaden's phosphate plant. The company is the largest DAP producer in the world; the news disappointed elevated investor expectations.

Wataneya joined the Kuwaiti M&A story, as it acquired OT's Tunisiya at an attractive valuation (5.9x EV/EBITDA). We like Wataneya's solid fundamentals and maintain exposure.

Construction and fertiliser bellwether OCI, another holding, reported a strong third quarter, showing better than expected construction margins. The company sought to gain better fertiliser pricing by delaying sales to strategic destinations until October, taking advantage of better prices expected to follow a seasonal Chinese export ban. Increasing Construction backlog is positive for the fourth quarter, following a slow summer season; a number of big ticket projects appear to be in the pipeline for OCI, especially in Egypt and Saudi Arabia

Amer Group's IPO was around 3x oversubscribed in the private placement and 6x oversubscribed in the public offering. The company is a leading developer of mixed use, family oriented resort destinations in Egypt with a proven track record of executing and delivering its projects in 2 – 3 years versus 4 – 5 years for other developers. The group has approximately EGP 2.8 billion backlog to be delivered in the forward market. The company has significant inherent value and potential for growth and hence the manager added the name to the fund.

Throughout the month, the investment manager maintained the equity exposure in the 90% range.

*Performance of the S&P Index is compared with the performance of the relevant countries' local indices.

Fund Performance

Period	Beltone MENA	S&P Pan Arab
November	1.11%	-0.68%
YTD	12.48%	10.20%
2009	9.7%	18.2%
2008	-47.1%	-49.8%
SI	-26.91%	-24.12%

Fund Information

Fund Information	
NAV per Share	7.49
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 10e*	12.5x
Earnings Growth 10e (%)*	82.5%
Dividend Yield 10e (%)*	2.9%
MCAP (USD bn)*	15.3

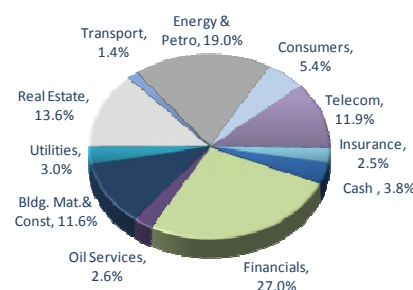
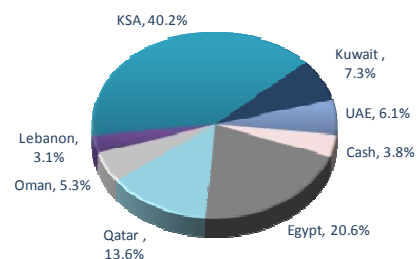
Fund Characteristics

* Weighted average calculation excludes cash position

Company	Country	% Assets
SABIC	KSA	9.2%
Al Rajhi Bank	KSA	7.7%
Amer Group	Egypt	4.8%
QNB	Qatar	4.2%
Mobily	KSA	4.0%
Total		29.9%

Note: As of November 30th, 2010

Country & Sector Allocation



Note: As of November 30th, 2010