

# Beltone MENA Equity Fund

## Fact Sheet for August 2008

### Fund Objective

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

### Market Commentary

Since early May 2008, the Beltone MENA Equity Fund has been managed at a low equity exposure in anticipation of regional markets decline, which proved to be a worthwhile decision since regional indices continued their trend further into August. Tunisia and Saudi Arabia managed to buck the trend, recording gains of 9.7% and 0.2% respectively. Abu Dhabi, Dubai, Oman, Qatar, Egypt, Jordan, Kuwait and Morocco recorded losses of 16.4%, 11.9%, 11.6%, 9.7%, 6.9%, 5.9%, 3.5% and 2.8% respectively. The investment manager believes that the losses recorded during the month are not justified with the MENA region trading at 2009 PE of 12x and an earnings growth of 30%.

Saudi Arabia's gains can be attributed to the announcement by the CMA permitting foreign investors to trade Saudi equities via swap agreements. The gains, initially strong, were later offset by the negative effect of declining oil prices on market sentiment.

The UAE Real Estate market experienced a newsworthy month. News of scandals and corruption over high profile individuals, linked to Nakheel, Sama Dubai, and Deyaar Development are currently under investigation. In addition, the UAE Government has been amending the real estate laws in order to curb rampant property speculation and real estate flipping. The investment manager believes the negative sentiment, on the real estate sector that occurred during this month, is unfounded and that government regulations will benefit the sector fundamentally in the medium term.

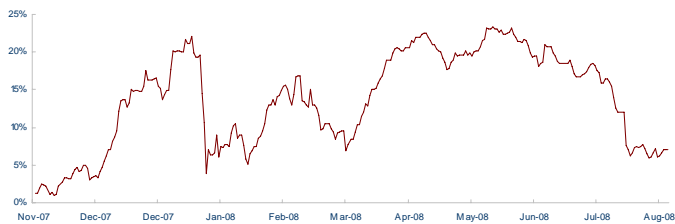
Note: Country performances are calculated based on respective country indices

### Fund Overview and Strategy

The only positive contributor to this month's performance was the Saudi Arabian banking sector with SAMBA, Saudi Hollandi and Al Rajhi Bank progressing 15.8%, 13.9% and 7.0%. The banking sector representing a large market capitalization in the Saudi market benefited from the change in regulations allowing foreign investors to benefit from stock price movements via swap agreements.

Since May 08, the fund has been managed at a low exposure of 77%, curbing the downtrend witnessed in the regional markets, where Egypt, Oman, Dubai, Abu Dhabi, Qatar, KSA, Kuwait and Morocco shed losses of 22.7%, 17.8%, 16.1%, 12.4%, 12.1%, 7.7%, 3.8% and 3.3% during that period. The current low exposure gives the fund an opportunity to build positions at attractive levels and reap benefit from a market upturn.

### Performance Chart



### Fund Performance

Period	Beltone MENA Fund
MTD	-6.2%
YTD	-5.7%
Since Inception	8.3%

### Fund Information

NAV per Share	10.83
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	38
PE 08*	10.4
Earnings Growth 08 (%)*	60.2
Standard Deviation (%)	6.1
Sharpe Ratio	1.0
MCAP (USD bn)*	11.6

\* Weighted average calculation excludes cash position

### Top 5 Holdings

Company	Country	% Assets*
OCI	Egypt	5.0%
Arabtec	UAE	4.6%
Emirates NBD	UAE	3.9%
SAFCO	KSA	3.9%
Ghabbour	Egypt	3.7%
<b>Total</b>		<b>21.1%</b>

Note: As of 31<sup>st</sup> August 2008

### Country & Sector Allocation

