

Fund Objective

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

Strategy

The fund has maintained its cash exposure of 25% and has focused investments in stocks with strong fundamentals and high growth potential. Valuations have reached even more attractive levels in the global downturn. The investment manager believes they will rebound when the current turbulence subsides.

Market Commentary

The sub prime mortgage crisis, coupled with the collapse of major investment banks in the United States and Europe, triggered exaggerated panic selling in global markets, with the MSCI World and Emerging indices dropping 11.5% and 15.8% respectively. MENA markets were not immune this month. Some foreign participants in MENA markets liquidated positions to finance margin calls in their respective home markets, aggravating the global effect. Regional markets landed in the red.

The biggest loser in MENA was Saudi Arabia, recording a loss of 15%. We remain bullish on the Saudi market, anticipating good earnings growth and attractive valuations. But we expect the opening of the stock market to foreign investors will play a more muted role as foreign investors' risk aversion will deter them from entering new markets. Following Saudi was Egypt, Dubai, Kuwait, Qatar, Oman, Abu Dhabi, Bahrain, Jordan and Morocco dropping by 15%, 13%, 11%, 11%, 11%, 10%, 9%, 7% and 6% respectively. An anomaly in the trend was Tunisia, gaining 1%

The financial crisis affected regional banks' liquidity and was reflected in losses in the banks' investment portfolio holdings of North American assets. Central banks intervened, requiring banks to disclose their holdings in North American assets while offering assurances that they would provide liquidity to banks in need of a funding base.

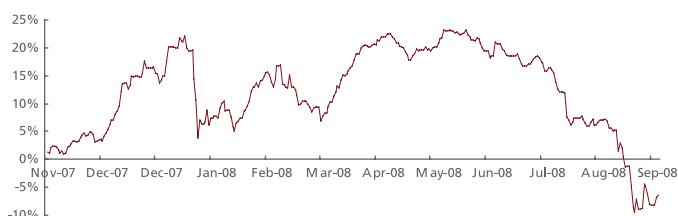
Note: Country performances are calculated based on respective country indices

Overview

The fund recorded losses of 12.7%, from market falls across all invested countries. Although the global crisis continues to simmer, the investment manager believes the impact on MENA markets was exaggerated by foreign investors selling; further exacerbated by panic-stricken retail investors. The overall positive story of the region's investment, growth and profitability remains intact. Valuations have reached even more attractive levels.

The IMF has revised average World economic growth down from 3.8% to 3.0% for 2009 and slashed advanced economies' growth projections by more than half from 1.3% to 0.5%. More optimistic, the IMF expect economic growth for MENA in 2009 will decline only fractionally from 6.1% to 5.9% as MENA outpaces World and advanced economies' growth.

Performance



Fund Performance

Period	Beltone MENA Fund
MTD	-12.7%
YTD	-17.6%
Since Inception	-5.4%

Fund Information

NAV per Share	9.46
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	40
PE 09*	8.2
Earnings Growth 09 (%)*	30.0
Standard Deviation (%)	7.0
MCAP (USD bn)*	9.0

* Weighted average calculation excludes cash position

Top 5 Holdings

Company	Country	% Assets*
Arabtec	UAE	4.4%
SAFCO	KSA	3.7%
Ghabbour	Egypt	3.7%
ENBD	UAE	3.6%
Al Rajhi Bank	KSA	3.4%
Total		18.8%

Note: As of 30th September 2008

Country & Sector Allocation

