

## 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

Limited positive catalysts throughout the month, led to markets trading thin volumes and witnessing weak performance. The last couple of days were when things started getting really gloomy. The Government of Dubai, on Wednesday afternoon right after the market closed for the Eid Holiday, sent a press release, stating that it intends to ask all providers of financing to Dubai World and Nakheel to 'standstill' and extend maturities until at least May 30th, 2010." The press release's details were thin on whether the extension is voluntary or mandatory, the difference being the definition of default. The lack of clarity has caused a stir in the global financial markets. To many international investors, the Nakheel bond was the benchmark for Dubai's leverage problems. Accordingly, investor sentiment was adversely affected, causing a contagion effect on other regional markets.

The bulk of the negative performance of Egypt, Abu Dhabi and Dubai, ending November down 15.8%, 11.7% and 11.7%, respectively, was on the last trading day of the month. The markets that were still closed for the Eid break were spared from the blood bath. The S&P Pan Arab Index ended the month on a negative note falling 4.1%. The best performing markets of the month, KSA, ended up 1.4% followed by Tunisia, Qatar, Oman, and Palestine which gained 1.2%, 0.8%, 0.5%, and 0.4%, respectively.

On another note, Egypt was hit by heavy selling pressure in the blue chips, mid-month, following the Orascom Telecom disclosure of \$560 million potential tax liability in Algeria amid claims by the tax authority that the company understated revenues from its operations. Accordingly, the stock fell by 18.5%. Many worried about the implications of such news on other companies with operations in Algeria, namely OCI and Sewedy. After looking into the matter further, OCI's construction business already pays 19% income tax while its fertilizer project will be tax exempt by a national decree. As for El Sewedy Cables, the Algerian subsidiary accounts for a small portion of the company's valuation, therefore impact would be minimal.

On the flip side, a couple of positive news came out early in the month. With oil prices sustained, for the past 2 months, in a trading range of \$75-80/barrel, real GDP growth estimates for the GCC region were revised upwards on the back of higher oil prices for 2009 and 2010. Moreover, better-than-expected global economic data, particularly, continued manufacturing expansion in China and the October ISM manufacturing index, which hit its highest level in more than three years, failed to provide a positive catalyst for the markets to perform.

The negative catalysts, on the other hand, led to a market reaction which we believe was exaggerated, particularly for regional markets other than the UAE, like Egypt, which were unjustifiably hurt on their first trading day after the Eid break. The strategy for the coming period will still be in stock picking with a particular focus on growth stories going into 2010 and 2011, as well as dividend plays. Accordingly, we have taken the decision to reduce exposure and raise cash as a pre-emptive measure against further market declines.

## Fund Performance

Period	Beltone MENA Fund	S&P Pan Arab
November	-7.1%	-4.1%
YTD	10.4%	20.2%
2008	-47.1%	-49.8%
Since Inception	-34.6%	-30.0%

## Fund Information

NAV per Share	6.70
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	41
PE 10e*	10.0x
Earnings Growth 10e (%)*	43.0%
Dividend Yield 10e (%)*	3.2%
MCAP (USD bn)*	11.70

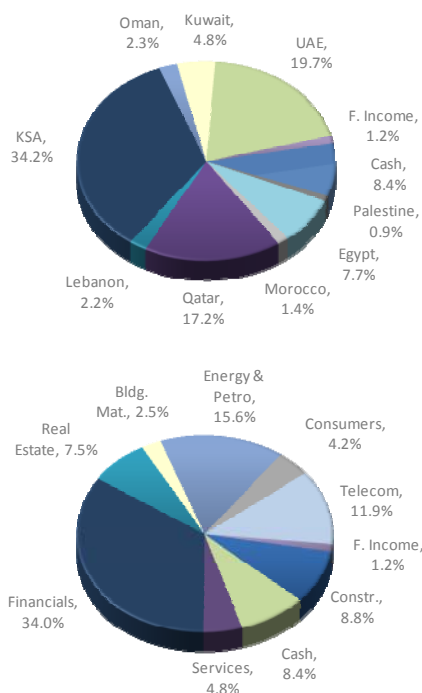
\* Weighted average calculation excludes cash position

## Top 5 Holdings

Company	Country	% Assets
SABIC	KSA	7.4%
Al Rajhi Bank	KSA	4.3%
Samba	KSA	4.3%
Qatar Telecom	Qatar	4.1%
Etihad Etisalat	KSA	3.6%
Total		23.7%

Note: As of November 30<sup>th</sup>, 2009

## Country & Sector Allocation



Note: As of November 30<sup>th</sup>, 2009