

# Beltone MENA Equity Fund

## Fact Sheet for July 2008

### Fund Objective

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

### Market Commentary

The month of July witnessed a majority of regional markets closing in the red. With the summer season negatively affecting retail investor appetite, value traded has fallen significantly. In addition, even though most earnings announcements were positive, they failed to drive any bullish movement in performance. We believe this to be a seasonal pattern in the MENA region.

The two markets that made positive gains this month were Abu Dhabi and Morocco, closing 0.5% and 0.4% up respectively. For the second month in a row, Egypt tops the list of underperformers; losing 7.3% during July, followed by Saudi Arabia (-6.3%), Oman (-5.2%), Kuwait (-3.1%), Qatar (-2.5%), Tunisia (-0.9%), Dubai (-0.7%) and Jordan (-0.5%).

Abu Dhabi's outperformance can be credited to the shift in investor capital from the DFM to the ADX. Methaq Takaful was the number one company in terms of value traded, recording gains of 16%. TAQA was also one of the top performers this month, advancing by 8%. Morocco's gains were a result of positive earnings releases; Maroc Telecom being an example, announcing an 18% increase in net income for the first half of 2008.

Continuing its downtrend, the Egyptian market shed 7.3% this month. This is attributed to continued negative sentiment combined with a retail sell off. On a more positive note, institutional investors were net buyers, rebuilding their positions to exploit attractive valuations. Oman's underperformance was on the back of a lackluster earnings releases; Galfar Engineering and Raysut Cement announcements falling short of expectations.

Note: Country performances are calculated based on respective country indices

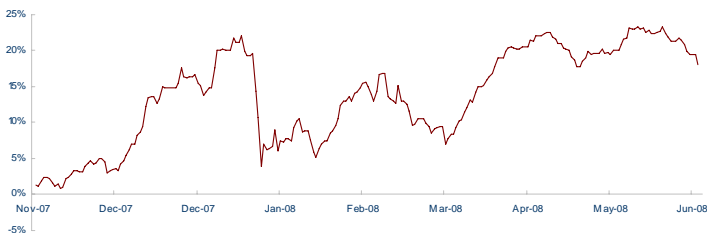
### Fund Overview and Strategy

Regressing for the second month in a row, regional capital market indices were outperformed by the portfolio manager's stock selection. Arabtec Holding, a distinguished outperformer during the month of July continued to record impressive gains on the back of positive earnings releases and news announcements. The large scale contractor managed 191% growth in first half earnings, while securing three lucrative contracts and enlarging its backlog to a size of AED 34.1 bn.

Exposure to equities was maintained at low levels of 81% during the past month, in expectation of declining regional markets. Going forward, the portfolio manager intends to start building positions, taking advantage of attractive valuations by the end of the summer.

Fundamentals still solid, regional equities have become even more attractive given the recent price declines.

### Performance Chart



### Fund Performance

Returns	Beltone MENA Fund
MTD	-1.1%
YTD	0.6%
Since Inception	15.5%

### Fund Information

NAV per Share	11.55
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	9.4
Earnings Growth 08 (%)	44.0
Standard Deviation (%)	5.5
Sharpe Ratio	2.4

### Top 5 Holdings

Company	Country	% Assets*
Arabtec	UAE	5.7%
OCI	Egypt	5.5%
Emirates NBD	UAE	3.9%
SAFCO	KSA	3.7%
Ghabbour	Egypt	3.5%
<b>Total</b>		<b>22.3%</b>

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

### Country & Sector Allocation

