

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

Finally, a glimpse of hope! The continuing concerns of a global economic recession overshadowing the global arena started to ease with governments globally clarifying and obtaining approvals on their stimulus packages. The US was the positive trigger this month with the announcement of the USD 1.2 trillion quantitative easing measures followed by the release of more details on its several programs to buy various legacy assets. The correct tackle of the financial and economic risks seem to have paid off.

Supporting the global trend, and after a turbulent period of uncertainty, the Kuwaiti government outlined its rescue plan providing capital to local banks and investment firms and guaranteeing lenders' investment portfolios. In a similar move, and with a more apparent reaction, the Qatari government stepped in, purchasing banks' investment portfolios at 2008 year end valuations, bearing the market's grave losses of the first two months of 2009. With a lesser magnitude, the UAE detailed further guidance with regards to the disbursement of the USD 10 billion collected earlier this year, mainly being directed to pay off major real estate companies' debts.

Global markets ended the month on a positive note with the MSCI World and the S&P 500 rising 7.2% and 8.5% respectively. Following suit, all regional markets with the exception of Morocco and Oman (-6.5% & -4.6% respectively) witnessed a rally. Egypt and Qatar were the leading lights this month, rising 16.6% and 10.1%, but remain laggards on a year to date basis. At the other end, Abu Dhabi, Kuwait, Jordan and KSA recorded gains of 4.7%, 4.7%, 3.6% and 3.6% respectively, followed by Tunisia and Dubai achieving a mere 1.5% and 0.6%.

On the back of positive markets performance, the Beltone MENA Equity Fund ended the month with a gain of 3.3% driving the YTD performance to -9.0%

Not getting carried away with the recent rally, we are still maintaining our cautious stance, avoiding an inevitable bear trap, especially with the upcoming first quarter results season. On the longer term, the materialization of the new world order and clearer visibility on 2009 earnings will entice investors to begin parting with their liquidity.

To capitalize on the current momentum, the portfolio manager is reshuffling into companies underperforming their respective indices and trading at a discount to their respective sectors.

In conclusion, the portfolio manager will continue to increase equity exposure, buying into companies expected to survive the current economic recession and come out as stronger entities. In addition, the portfolio manager is increasing investments in fixed income instruments with high yields.

Note: Country performances are calculated based on respective country indices

Fund Performance

Period	Beltone MENA Fund	MSCI Arabia*
MTD	3.3%	7.6%
YTD	-9.0%	-11.3%
2008	-47.1%	-55.0%
Since Inception	-46.1%	-54.4%

* Bloomberg prices

Fund Information

NAV per Share	5.52
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	37
PE 09*	7.7
Earnings Growth 09 (%)*	10.0
Dividend Yield 09 (%)*	5.9
MCAP (USD bn)*	6.2

* Weighted average calculation excludes cash position

Top 5 Holdings

Company	Country	% Assets
Saudi Telecom	KSA	2.7%
Qatar Navigation	Qatar	2.7%
Saudi British Bank	KSA	2.6%
CIB	Egypt	2.5%
Qatar National Bank	Qatar	2.3%
Total		12.8%

Note: As of 31.03.2009

Country & Sector Allocation

