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FUND INFORMATION

Pricing:
Monthly NAV

Fund Classes:
Participating Shares
Class A Shares

Current NAVs (USD):
P-Shares 81.96
A-Shares 81.55

Prime Broker:
Credit Suisse

Fund Custodian:
HSBC

Fund Lawyers:
Walkers

Fund Auditors:
KPMG

Fund Administrator:
Apex

Bloomberg Ticker:
AJEEJMN KY Equity

ISIN Code:
KYG016361027

Fee Structure:
Management 2%
Performance 20%
Hurdle Rate 8%
High Water Mark

Minimum Subscription:
Initial USD1m
Subsequent USD100k

January 2011

Dear All,

Happy New Year and best wishes for 2011. We hope that all of you were able to have a respite towards the end of the year and recharge for 2011. December was a strong end to an otherwise challenging year for us here at Ajeej Capital. In spite of a rise of 6.7% for the month of December (YTD +6.6%), in many ways 2010 was a big disappointment. As we lick our wounds from 2010 and look beyond as to how we can leverage the experience curve to enhance our process and returns for the future, we remain confident in the underlying themes ability to pay dividend going forward.

"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong"; George Soros

As one bifurcates and assesses the attributions for the year, there are obvious detractors and supporters to the portfolio, and whilst it is humanly impossible to get it right all the time, we were on the wrong side of Mr. Soros's quote in 2010. Inevitably as we conduct our review of convictions, opportunity losses, carry costs of laggard themes and investments, we strive to take key learnings away to enhance our process. As they often say "***if you are right too early, you are in fact wrong***" and this premise is important as you have to quantify and qualify your carry costs of your investment against the prevailing investment universe. Of course this could in turn lead one into a self-deprecating state of mind with "***No rest for the wicked"*** chasing behind what could have gone right! yet it is important to remain agile and realistic in quantifying opportunity losses. We will be talking about our wins and losses thematically in 2010 cascaded upon our views of each for 2011 and beyond later.......

"We enjoy the process far more than the proceeds"; Warren Buffet

Before we granulate our views we think it is worthwhile to talk about our internal process developments. We are certainly proud of the process and the team we have at Ajeej, yet 2010 was certainly a test in determining ***our love of the game/race.*** Our knowledge and tools continue to improve and our people, our most important asset, continue to grow and develop and gain tremendous confidence in evaluating their respective roles within the organization. So, in continuing with our theme of a Marathon/Race, in 2010 we have laid the foundation to develop our fast twitch muscles whilst simultaneously nurturing our slow twitch muscles during the latter part of 2010. This of course is reflective of evaluating short term tenets of both risk adjusted value, dynamics and sentiment whilst cascading it onto our longer term outlook of deep value investment. Quantifying the carry costs of deep value long term holdings, particularly against different horizon periods is becoming more prevalent in our thinking. With regards to DNA we at Ajeej are not traders, and as such it is important to ensure that we don't get caught in a series of value traps, thus our philosophy and attribution of value has been enhanced to develop the proper KPIs to help alleviate this risk. Our goals and philosophy have not changed, but we are working at honing our sizing capabilities to be more attune with the prevailing environment.

We will talk in detail later about our top stories, however below we have a summary evaluating our winners and losers in 2010 and moving forward. Of course the overall talk of frontier markets graduating to emerging etc makes a compelling case for global flows into frontier markets, which is fine, however it is not a driver for us, but rather we are happy with the potential added depth into our markets. Key flow measures will be to see the interplay of Saudi domestic investors back in the market initially to hunt for yield, and then look for growth, this we believe will play out from a broad based perspective. In either case find below:

Theme	2010	Discussion	2011	Discussion
Qatar Macro	+	A shining light of MENA in 2010, with banks taking the main run and late in the year a World Cup bid win makes potential white elephant projects turn grey. Current Exposure is 32%	+	Theme continues to have legs and we will continue to overweight our convictions in the market as yields provide a foundation and growth creates appreciation. Also optionality on MSCI EM inclusion not factored
UAE Banks	+	A strong attribution for us but more of a bottom up drive on a single stock. Worked very nicely for us. Current exposure is 13%	+	The theme will play a big role, but it is more stock specific, we believe our holding continues to exhibit strong performance and with further confirmations on the sector we could diversify further along other potential plays
Saudi Banks	–	Extended balance sheet provisioning and SAMA guidelines way heavy on sector. Current Exposure 4%	"N/+"	Enhanced provisions to take on a more normalized effect enhancing earnings, but tangible work will be needed for balance sheet growth. Positive on a 3 year basis, but more signals of real life on balance sheet need to be visible for a serious exposure for the fund
Fertilisers	+	Our specific exposure is a single stock on the sector, and we feel that the dislocation relative to its peers within the theme justifies a concentration of a single stock into this theme. Greenfield risk being abated. Current exposure is 10%	+	Where current prices lie on the value chain of phosphates and operational attainment, the market will re-rate companies with smooth operations. Moreover don't be surprised to see additional project announcements out of a company like Ma'aden
Real Estate	–	A terrible year for Real estate for the most part, and whilst we got hit in the first half of the year, we currently have no exposure at all. Worth noting however, that Egypt bucked the trend with a handful of names finishing the year positively	"N"	Too many pockets and there may be some winners and losers in this segment. The market however is pricing in more distress particularly in the UAE, not surprising given physical market trends and lack of institutionalisation of regulations over the period. However into the future and with more top down clarity on both the regulatory and physical market this sector will bounce back in a big way
KSA Infrastructure	–	Across the board infrastructure has been negative, however we have focused on ARAMCO lead drives current exposure is 12%	-/+	The next two years to shine are companies benefitting from ARAMCO trickle down. Commoditized infrastructure like cables looks challenged although should be better than 2010, but questionable
Petchems	+	Extremely solid with Oil price and utilization rates creating a foundation for great results. Current exposure is 10%	"N/+"	Some interesting valuations loom, a sector not to be ignored
Domestic Retail KSA	+	Strong year for many plays in this space across the board. Current exposure is 20%.	"N/+"	The neutrality unwinds into the future to being positive for the overall sector. There is polarity across the theme with certain growth companies reaching maturity and others that have risks to earn out and margin where on the back of feedstock volatilities. On the other hand there are other companies that are beginning growth trajectories and leveraging scope across resource attributes.

The S&P Pan Arab was up 11.3% for the year with main attributions coming from its Kuwaiti, Saudi and Qatari composition. As we had addressed in our previous letters the new benchmark is significantly more broad based than its predecessor.

The most significant appreciation as a market came from Qatar as it bounded from strength to strength throughout the year, particularly after May, closing the year up 24.8% (MTD 6.6%). This was obviously catapulted by the growth visibility of the underlying economy relative to value and the clear directive to add depth in the coming years. As we touched upon in our themes above, this continues to be a great story, particularly when overlaid on inherent geopolitical threats that arise in other markets in the frontier and MENA region.

The worst performing markets in our main coverage universe within MENA where the UAE markets, Dubai down -9.6% for the year (MTD -2.3%) and Abu Dhabi -0.9% (MTD -0.33%). The obvious suspects dragging the respective markets down were the real estate companies and their ancillaries. Whilst risk on sovereign and quasi-sovereign debt was mitigated throughout the year with Dubai World and DH, restructuring continues. Obviously the banks benefitted to a large extent from the restructuring; however asset quality concerns still loom as the fear of precedent of Sheikh Mohamed restructuring may play itself out in 2011 with his respective counterparts.

Saudi was up 8.1% for the year (MTD 4.8%) on the back of continued strength in the petrochemical segment, and was muted slightly by sluggish price action from the banking sector. Other pockets were mixed in the market, but there was a clear weakness for mid cap industrials in 2010, significantly lagging the market for most of the year.

The Egyptian market was another outperformer in 2010, up 15.0% (MTD 6.5%) being catapulted by the performance of OCI and Commercial International Bank, together representing approximately 40% of the EGX constituency. The saga on OT continues with no clear outcome beyond a valuation exercise on its Algerian operation essentially setting the price of nationalisation. We would not want to be the firm highballing that valuation! Other mid caps in the EGX 30 outperformed the index and there continue to be some of the most compelling stories in MENA, only if they would clarify the issue of succession, which seems to have everyone worried, except the Egyptians themselves?!

The Kuwaiti index was certainly a laggard down in 2010, losing -0.71% (MTD.94%) but this certainly is not a metric to judge the blue chips by, with Zain and NBK both appreciating over 40% in 2010. Otherwise, the market continues to look anaemic reflecting the leadership structure of the economy. We monitor the market closely, but don't expect any significant exposures from its constituents that are compelling based on our criteria set.

G-o-o-o-a-a-l!!! Qatar Scores the World Cup:

In a December move that surprised many observers (including all but one member of the Ajeej Capital team), FIFA awarded the 2022 World Cup to Qatar, making the country (current population: ~1.7mn) the smallest-ever host of the event. The Qatar Exchange reacted quite positively, with the QE index rising 6.6% for the month of December, as investors bid up stocks across most sectors.

Whilst the market clearly gave a positive judgment of the World Cup award over the most recent month of trading, the critical goal for long-term, conviction investors, as ourselves, is to determine the likely longer-term impact of the World Cup award on the operations of local listed companies. Although the World Cup is not until 2022, the Qatari government has said it will complete the build-out of the related infrastructure, at an estimated cost of USD 100bln, within 7 years. Stadium renovation and construction is expected to cost around USD 4bln, and numerous hotels and tourist facilities will need to be built as well. Analysts have attempted to quantify the impact of infrastructure spending on the economy, with Bank of America Merrill Lynch estimating a 2-3% addition to yearly GDP growth over the next decade, and Deutsche Bank estimating that yearly capital expenditure would increase by 23% over the same period. This increased spending will clearly benefit many of the local listed companies, particularly the banking sector (which will have opportunities to finance many of the projects and provide services to those individuals working on the projects) and industrial/utility companies (which will participate in the actual construction and servicing of the projects).

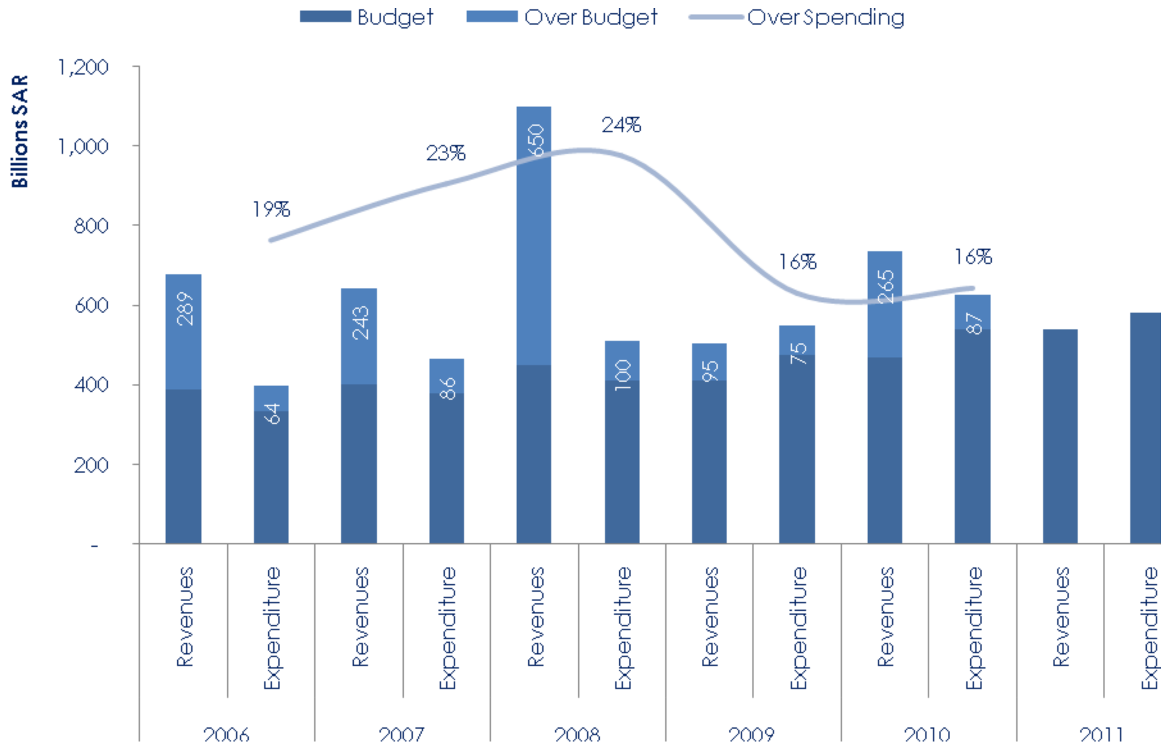
One key point of the debate is on the spending: Some analysts have argued that the World Cup award will have only a marginal impact on local equities, as most of the infrastructure and other development projects were already planned or under way prior to the World Cup announcement. Indeed, the Qatari government has been quite clear in its plans to improve the road and rail systems in the country, increase the number of hotel rooms, build a new airport and deep water port, etc. However, we think that it is important to note that the World Cup award gives many of these plans credibility and necessity, whereas before some of the projects may have been simply desirable but not truly necessary; for example, according to Zawya there are roughly USD 52bln in real estate projects planned for completion in Qatar through 2020. Even allowing for a 10 year time frame, it would have been unclear that all of those projects would have been needed, as Doha, while up-and-coming, is still not a regional center like Dubai, and there is already an oversupply of real estate in Doha. With the World Cup coming to Qatar, there is a true incentive to build out the new housing and hotel rooms within that time frame. The same could be said for the infrastructure, which previously may have been “roads and rails to nowhere” but now have a convincing reason for existing. The outlook for population growth in Qatar also improves slightly. While it’s possible to debate the level of truly “new” spending the World Cup award will bring, it is important that now the incremental growth is definitively there. Prior to the World Cup award, there were concerns that the Qatar growth story would be finished in the next 3 years or so as oil-and-gas spending potentially slows. The World Cup now provides greater comfort that at least some incremental growth will be continuing well beyond the build-out of the gas-related infrastructure.

Importantly, the World Cup provides a tremendous opportunity for Qatar to enhance its brand worldwide, just think of what the Olympics did for Barcelona. Before the award, a significant part of the world population would have said, “where is Qatar, I’ve never heard of that.” Now, Qatar is on the map. This provides much more ammunition for Qatar to build up its status as an education/research and health care hub and will help with tourism and logistics as well. ”National champion” companies, such as Qatar Airways and Qatar National Bank, should also benefit from greater recognition internationally.

Development Plan IX:

As the Kingdom of Saudi Arabia turns the corner to begin its journey into a new decade, it finds itself in quite a fortunate position compared to regional and global peers. The rhetoric is well known by now: with strong domestic demand, fuelled by a young and growing population and highlighted by a need to move away from a welfare society mentality, as well as modernize the labor force and diversify away from oil, whilst maintaining record high foreign reserves, Saudi Arabia’s growth is inevitable and very promising. In order to help steer it along the right course, the largest of the Gulf nations employs 5 year development plans, and currently is a year into its ninth.

2010 was when the 9th Development Plan was launched, and 2011 is expected to be either a peak year or at least very close to peak annual expenditures forecast. For the fiscal year of 2010, revenues for Saudi Arabia came at SAR 735bln representing a 56% increase Y-o-Y, and boosted by a higher than expected average oil price; oil-related revenues attributed 91%. Total spending has been estimated to be SAR 626.5bln (+16% over 2009). The highlights include a surplus that far-exceeded expectations; SAR 108bln compared to a forecasted deficit of SAR 70bln to be exact. Despite financial hardships facing many economies globally and regionally, Saudi Arabia was able to reduce public debt by SAR 58bln from 16% to 10.2% of GDP.



As expected, the public sector shouldered the majority of the heavy lifting as the private sector is still holding back on investing; especially when the banks' loans stagnated or witnessed little growth.

Comparing with the recently publicized 9th Development Plan for the period covering 2010-2014, we notice that we are either at the peak in terms of expenditures or almost there. It is expected that future annual budgets will not be as expansionary as 2011 or 2012.

Main Development Sectors	2010 Budget SAR bln	2011 Budget SAR bln	8th Development Plan SAR bln	9th Development Plan SAR bln
Education & Training	137,600	150,000	480,000	731,500
Health & Social	61,200	68,700	155,900	273,900
Economic Resources Development	46,000	50,800	105,800	227,600
Transport & Communications	23,900	25,200	56,500	111,100
Municipal Services	21,700	24,500	65,700	100,500

The budget conveys the wise plan that the government is adopting, highlighting prudence and seeking efficiency in order to combat overspending, whilst all along maintaining its drive to diversify its economy away from oil-revenues.

Tid Bits from MENA: excerpts from popular culture

Simply The Best...*well one of*: According to CMA Datavision (the world's leading source of independent data on the OTC markets) Saudi Arabia entered the list of the least risky sovereigns, coming in at 10th place. Traditionally Scandinavian states have held the top spots in this list, and that has persisted this year. However, the Euro based Netherlands has fallen from grace with treasury investors and has now been replaced for the first time by an Arab state.

A Road *Through* Nowhere: The Saudi Arabian and Omani authorities announced that they are building a road connecting the two countries to each other that will run 750km through the Empty Quarter. Currently, any journey by car between the Kingdom and the Sultanate has to pass through the UAE. The Empty Quarter, as the name implies, is an almost lifeless desert that stretches across an area as large as the combined area of Germany and Italy.

The Terminal: Despite the airline industry globally having a sluggish 2010, and Dubai in general having a difficult year, Dubai's main airport has managed to buck both these trends. As of November, Dubai International's passenger count, for the second straight month, beat the 4 million mark. The November traffic of 4.07 million was 15.1% higher than last year's, whilst the year to date figure showed an improvement of 15.6% standing at 42.922 million compared with 37.123 million.

Leaving On A Jet Plane…*just not a Emirati one*: Until the end of 2010, holders of passports from 30 different countries were exempt from any visa requirement prior to arrival at a UAE port. As of the 1st of January, 2011, that number has dropped to 29. The longwinded argument between Canadian aviation authorities and UAE based carriers, Etihad and Emirates, culminated in the Canadians disallowing the Gulf based airlines to increase their presence in the Great White North's skies. In retaliation, the UAE government has now required Canadian visitors to apply for quite expensive visas (CAD 1000 for 6 month multiple) prior to arrival, however if they fly with a local carrier the process is simplified and considerably cheaper.

The New Frontier: First Gulf Bank from Abu Dhabi partnered with the Libyan Government Economic and Social Development Fund in order to establish FGB's first branch in the oil rich North African state. With an authorized capital of 400mln dollars, supplied evenly by the two parties, First Gulf Libyan Bank (FGLB) is already one of the largest banks operating in Libya today. In December, celebrations were held to mark the launch of FGLB's first retail branch outside its HQ in Tripoli. This launch was highlighted to be in line with FGB's strategy of geographical expansion.

Risky Business: Last Christmas Eve on the outskirts of Damascus, colorful and playful lights lit up the night sky above a festive and jubilant scene. Surprisingly though, the festivities were not related to what happened a little over two millennia ago and 200 km away, but rather were due to the grand opening of Syria's first casino since the 1970s. Since the opening of the casino, revelers have frequented the Ocean Club regularly; however, the debate over its legitimacy has been debated even more frequently. Soon this issue will be presented to the Syrian parliament for a vote that will ultimately decide the fate Damascus's new hotpot.

The NeverEnding Story: There seems to be no end of the soap opera of Middle Eastern telecom companies. As it stands Russian Vimplecom's recently rehashed deal with Naguib Sawiris's Wind Telecom (owner of Orascom Telecom) is under the risk of being blocked by Telenor, which owns almost half of Vimplecom's shares. This is of course aside to the fact that nothing has been resolved regarding the status of Djezzy.

On the other side of the Red Sea, Al Fawares Holding unsuccessfully attempted to block UAE based Etisalat's due diligence of Kuwait based Zain. Al Fawares Holding, a minority shareholder in Zain, claimed that opening up Zain's books to Etisalat would potentially threaten the release of secret information relating to Zain. Since that did not work, Al Fawares recently introduced a new bid to the table in the form of Cukurova Group (27% owners of Turkcell) with the argument that it trumps Etisalat's bid by approximately 1%, and hence the due diligence should once again stop.

***Saudi/Korean* Graffiti:** Last month King Saud University (KSU) reached an agreement with an unnamed Korean car manufacturer to help design and build the Kingdom's first line of local automobiles. The Riyadh based plant will have an initial capital of USD 500mln, and will be expected to churn out a 5-passenger sedan, aptly named "Sedan 1", which will be sold at approximately SAR 35,000 or just under ten thousand dollars in around 2 years time. KSU has also recently unveiled plans to develop "Ghazal 1", an all terrain vehicle, whilst recently initiated KAUST unveiled plans to develop its own locally manufactured car.

Our Portfolio:

In December we reduced our cash exposure and increased the Qatari exposure up to nearly 30% on increased momentum as country emerged the winner for the 2022 World Cup; Qatar National Bank remained our top holding throughout the month. This exposure was added with the muted response given the magnitude of the effect on the economy particularly on domestic business confidence. Additionally, we increased our exposure to Fawaz Abdulaziz Al Hokair, another Saudi Domestic play that we discuss in more detail below. Finally, Egypt is back in our portfolio with a small scouting position in the financial services sector that has been an underperformer in the market that may have value unlocking in 2011. We continue to be wary of the geo-political climate in Egypt and don't expect any naked exposure to exceed the 4-5% in this market.

Being a year-end quarterly newsletter we are taking the opportunity to highlight some of our portfolio companies that we are excited by their bottom up stories in 2011 and beyond.

Saudi Domestic Themes...

Fawaz Abdulaziz Al Hokair: a pioneer and current market leader in fashion retail in Saudi Arabia (~45% market share). Al Hokair is currently expanding in the MENA region and the CIS by leveraging existing strong relationships with its global franchise partners including Inditex (e.g. Zara, Massimo Dutti), Gap Inc, and Monsoon, to name but a few. With over 1,000 operational stores (primarily in Saudi Arabia), and 90 brand offerings, Al Hokair is an attractive play on the region's youthful demographics and increased consumer spending power, particularly in the mid-market mall retail segments targeted by Al Hokair both domestically and internationally. We expect Al Hokair to continue to show strong operating performance that will be driven by rapid store expansion both domestically and internationally, as well as by growth in LFL sales (driven by more active management of the brand mix and a 'new brand' effect in CIS markets). We believe that the growth in the population (and spending power) of young, fashion-conscious Saudis will generate sufficient demand to support domestic expansion - particularly Al Hokair's planned expansion into the lower end standalone store retail segment, while expansion into 'virgin' markets for branded retail (with the same international partners) such as Kazakhstan and Georgia will help the company maintain its historically high returns by replicating its 'first mover' advantage in Saudi during the late 90s/early 00s as the Saudi market matures.

Al Mouwasat Medical: Al Mouwasat is the largest private medical services provider in the Kingdom of Saudi Arabia operating a total of 594 beds and 209 clinics as of YE 2009; its core facilities service patients in Dammam and the Eastern Province. Recently, the company expanded its network to other cities including Madina, Al Ahsa and Qatif, and at present Al Mouwasat is building its first hospital in Riyadh with 175 beds and 76 clinics which is on target to be operational in early 2013. Additionally, Al Mouwasat plans to acquire or build a new hospital in Al Ahsa (in order to capitalize on an almost non-existent private healthcare offering in an area with many Aramco employees) as well as to develop another hospital in Al Khobar to capture further 'Aramco-related' market share. The company's largest clients include Aramco and SABIC amongst other large Saudi companies as well as major Saudi private insurance companies. In 2011, the company plans to open an IVF clinic at its existing Dammam facility; according to management, this will be the first government licensed IVF treatment center in

Saudi Arabia. We believe that the management is strongly positioned to benefit from the rising needs for private specialized healthcare centers through the addition of new hospitals, expanded variety of clinical offerings and specialities, strong government support, population growth, and the implementation of the compulsory insurance scheme for private sector employees.

Mobily: The second mobile operator in Saudi Arabia continues to gain market share, improving free cash flow and untapped opportunities in the data segment. Although the significant growth witnessed in 2010 may stabilize in 2011 and onwards, we continue to believe strong recent data evolution and attractive demographics provide us with comfort of the future growth potential. This should drive high single-digit top line growth that will provide a catalyst for an increased dividend payout ratio, which is currently around 30%, assuming stabilized CAPEX going forward.

Saudi Infrastructure Themes...

Pipes (Arabian Pipes & Saudi Steel Pipes): Both Arabian Pipes and Saudi Steel Pipes produce steel pipes that are used mainly in the oil and gas sector. Arabian Pipes produces both types of pipes large and medium diameter ERW (Electric Resistance Welded) steel pipes with a capacity of 160k tons that are mainly used in oil pipelines and LSAW (longitudinal submerged arc welded) with a capacity of 300k tons that are mainly used in gas pipelines. On the other hand, Saudi Steel produces large and medium diameter ERW pipes similar to Arabian pipes and small diameter ERW with a total capacity of 240k tons that are used in the construction business. In addition SSP is currently building a new LSAW plant with a total capacity of 240 tons expected to be operational by early 2012. Although they compete regionally on oil and gas projects their main client remains Saudi Aramco. During the period of 2005-2009 they benefited significantly from supply agreements with Aramco as Saudi Arabia expanded its oil production capabilities to 12mbpd by the end 2008. However, in 2009 and 2010 the demand from Aramco tapered off and as the result the companies have suffered financially and are trading at distressed levels. As mentioned in our previous newsletter Aramco has embarked on a new 100 billion capital expenditure program over the next 5 years. We recently visited Aramco and met with multiple senior executives at their headquarters in the Eastern Province to get confirmation on some of Aramco's future steel pipe requirements. While Aramco will continue to source different types of steel pipes their main focus in the coming few years is to increase their production of natural gas through standalone wells to meet future gas demand for Saudi Arabia's growing population (electricity requirements) and increase industrial capacity for both petrochemicals and traditional industrial base. Current demand is mainly met through associated gas extracted from oil producing wells. Such expansion will require significant steel pipes, specifically LSAW pipes, to transport the gas. We expect contracts awarded for these new gas discoveries to start in the 2nd half of 2011 and onwards in 2012 and both companies will benefit financially as qualified Aramco suppliers that can meet the demand locally.

3rd Pillar of Saudi Arabia...

Ma'aden: In 2011 Ma'aden will become the world's largest Diammonium Phosphate (DAP) producer as commercial production starts Q3 2011 with 2.9mmt/yr, comprising 10-12% of global market share with substantial cost advantage based on feedstock (both phosphate and natural gas), government funded railway and port, and the development of a full value chain. Ma'aden, as mentioned previously, will be the lowest cost producer of DAP globally at $114-120 per ton vs. $300-$500 per ton for international peers, with DAP prices currently hovering around the $600 per ton level. In addition financing agreements have been signed and contracts have been awarded to start on their second project through JV with Alcoa to build one of the lowest cost aluminum smelters and alumina refineries globally. The government owns 65% of Ma'aden, and as such this company will continue to be the main vehicle for mineral exploration in Saudi Arabia.

Select GCC Banks...

Qatar National Bank: QNB is the largest bank in Qatar and one of the three largest publicly-listed banks by assets in the GCC. As of Q3 2010, QNB had market shares of ~40% of loans and ~50% of deposits in Qatar. QNB operates through 59 branches in Qatar and also has significant international operations, with a presence in more than 20 countries. The Qatar Investment Authority owns 50% of QNB's shares, making the bank the de facto government bank in Qatar as well as the preferred bank for many large Qatari corporates. Therefore, QNB benefits substantially from Qatar's ongoing development and spending plans, both domestically and abroad. QNB has a strong track record with Y-o-Y increases in annual earnings each year since at least 1998, and 30% earnings CAGR from 2005-2010, including 36% Y-o-Y growth in 2010. The bank's profitability is aided by best-in-class operating efficiency (cost/income ratio of <20%, compared to >50% for many banks globally), conservatively recognized fee income which provides an ongoing revenue stream, and excellent asset quality (NPLs at ~1% of loans). The sovereign backing and strong management team, coupled with QNB's solid capital base (CAR of >15%), provide good visibility to both balance sheet and earnings growth in the near and medium terms.

Abu Dhabi Islamic Bank: ADIB is the leading Islamic bank in Abu Dhabi and operates through over 60 branches in the UAE. Since 2008, a strong new management team has been successfully implementing a turnaround plan for the bank, including improvement of the branch network, expansion of product offerings, and improved recruitment and retention of customers. The bank is primarily retail-focused, with 60% of the loan book to retail (primarily UAE nationals), and it has grown its customer base from 240,000 in Q1 2008 to 410,000 in Q3 2010. While many other UAE banks have been somewhat stagnant since 2008, ADIB has been growing steadily, with 17% YTD loan growth through Q3 2010 vs. ~2% YTD loan growth for UAE banks collectively. ADIB has been able to grow due to (a) its liquid balance sheet which allows room for loan growth (one of the lowest simple loans/deposits ratios in the UAE), (b) its adequate capital base (16.5% CAR as of Q3), (c) its limited exposure to struggling Dubai GREs and large corporates, (d) its focus on improving its products and service for customers at a time when many other UAE banks were focused primarily on damage control, and (e) its growing funding base, which allowed the bank the scope to participate in several larger quasi-government projects (particularly during 2010) in addition to its traditional retail focus. Management has been active and prudent in its provisioning policy, taking pre-emptive hits to earnings in 2009 to meet potential new provision requirements by the Central Bank, and while provisions may continue to weigh on earnings to some extent, ADIB should now be better placed than many other UAE banks to grow over the next economic cycle. The bank has voted to allow foreign shareholders and is waiting for related regulatory approvals; opening the shares to foreigners could provide a catalyst for the stock price.

Since Inception	
AMF	-18.0%
S&P Pan Arab	-24.4%

Ajeej MENA Fund Historical Performance

2007	J	F	M	A	M	J	J	A	S	O	N	D	YTD
AMF NAV	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	106.6	116.2	125.7	**125.7**
AMF %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6.6%	9.0%	8.2%	**25.7%**
S&P Pan Arab	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1043.6	1075.6	1196.8	**1196.8**
S&P Pan Arab %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7.7%	3.1%	11.3%	**23.5%**

2008	J	F	M	A	M	J	J	A	S	O	N	D	YTD
AMF NAV	122.3	133.8	122.2	140.8	140.3	141.2	137.7	123.2	93.8	65.7	64.0	66.2	**66.2**
AMF %	-2.7%	9.4%	-8.6%	15.2%	-0.4%	0.7%	-2.5%	-10.5%	-23.9%	-30.0%	-2.6%	3.5%	**-47.4%**
S&P Pan Arab	1146.5	1237.0	1146.0	1227.3	1175.8	1162.2	1115.8	1070.3	918.0	699.6	578.7	579.0	**579.0**
S&P Pan Arab %	-4.2%	7.9%	-7.4%	7.1%	-4.2%	-1.2%	-4.0%	-4.1%	-14.23%	-23.8%	-17.3%	0.1%	**-51.6%**

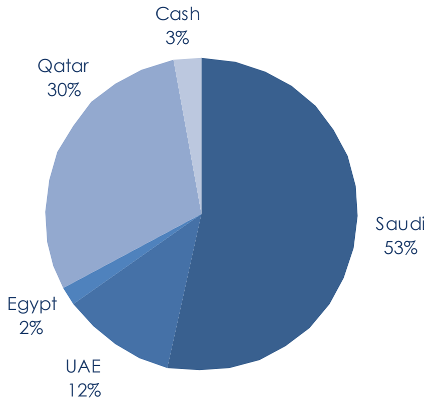
2009	J	F	M	A	M	J	J	A	S	O	N	D	YTD
AMF NAV	63.8	60.2	62.2	67.1	72.9	71.9	74.5	75.5	84.6	83.3	78.6	76.9	**76.9**
AMF %	-3.7%	-5.6%	3.4%	7.9%	8.7%	-1.5%	3.7%	1.3%	12.1%	-1.6%	-5.5%	-2.3%	**16.1%**
S&P Pan Arab	525.3	498.3	522.0	595.0	638.1	640.8	653.3	670.4	710.4	705.1	668.7	657.7	**657.7**
S&P Pan Arab %	-9.3%	-5.1%	4.8%	14.0%	7.6%	0.4%	2.0%	2.6%	6.0%	-0.8%	-5.2%	-1.7%	**13.6%**

2010	J	F	M	A	M	J	J	A	S	O	N	D	YTD
AMF NAV	73.8	75.9	83.5	86.2	75.6	72.81	75.2	74.4	78.6	78.5	76.8	82.0	**82.0**
AMF %	-3.9%	2.8%	9.9%	3.3%	-12.3%	-3.7%	3.3%	-1.1%	5.6%	-0.1%	-2.1%	6.7%	**6.6%**
S&P Pan Arab	659.3	686.4	718.1	727.5	653.3	638.4	663.3	659.6	698.7	704.5	700.0	732.3	**732.3**
S&P Pan Arab %	0.2%	4.1%	4.6%	1.3%	-10.2%	-2.8%	3.9%	-0.6%	5.9%	0.8%	-0.6%	4.6%	**11.4%**

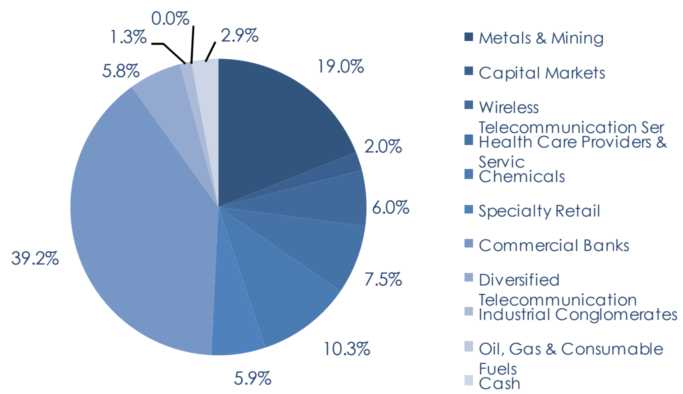
The top 5 holdings in the Ajeej MENA Fund alphabetically:

- Abu Dhabi Islamic Bank
- Commercial Bank of Qatar
- Mouwasat
- Qatar National Bank
- Saudi Arabian Mining Company (Ma'aden)

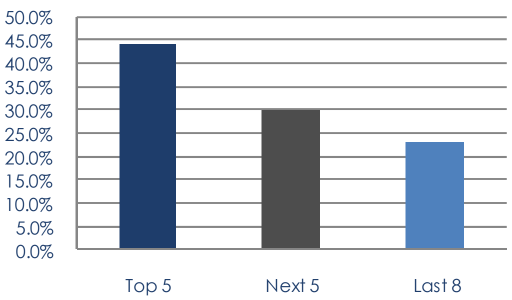
Country Allocation Dec 2010



Sector Allocation Dec 2010



Concentration Dec 2010



Ajeej MENA Fund	December-2010
Return December 2010	6.68%
Return YTD	6.65%
Return Since Inception - 39 months	-18.04%
Annual Volatility (on NAV)	7.36%
Sharpe Ratio Absolute	-0.64
Alpha Benchmarked on S&P Pan Arab Composite YTD	-4.70%
Value at Risk (VaR) - 95% (for the monthly holding period)	3.68%