

Fund Manager's Strategy & Outlook

The MEDA Fund lost some ground during the month of February after 22 months of near consecutive gains; still, its decline was more modest than the general sell-off across the regional markets given its diversified nature. Most of the regional markets closed in negative territory this month as they were negatively affected by strong selling waves in anticipation of upcoming IPOs and share rights issues. Retail investor profit taking also added to the pressure that regional markets witnessed, led by Egypt, the UAE and Qatar. The Fund dropped 7% this month and is now up 6% YTD due to its strong performance in January. We believe that the markets may continue to show some weakness in the short term; yet exhibit strong upside potential for the medium to long term, especially at the current valuations.

The Fund is currently positioned to reap the benefits of the expected rebound in the regional markets given its current asset allocation and the fact that we had largely avoided markets that we perceived as richly valued. We feel that the current weakness presents us with good entry points and we are therefore looking to increase our exposure to certain markets, including Qatar and the UAE. Generally speaking, we have been adding to our holdings in some of the GCC markets while trimming from our position in the Levant after last month's rally. We have also continued to add to our holdings in North Africa on a selective basis.

Looking ahead, we believe that our fundamental approach will continue to pay off, especially when markets are correcting, therefore presenting us with attractive entry points and opportunities to add on weakness. The ride last month had been bumpy but the future outlook for regional markets remains promising especially as this (generally healthy) correction abates.

Objective

The principal objective of the fund is long term capital appreciation through investing in listed Middle East and North Africa equities and equity related securities.

Fund Information

NAV per share	USD 23.96
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fees	1.4%
Incentive fees	15% over benchmark
Benchmark	10%

Investment Information

Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

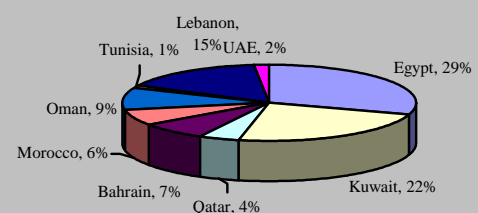
Fund Performance

Trailing Returns		Risk Overview	
YTD	5.9%	No. Years ▲	5
MTD	-7.3%	No. Years ▼	2
3 Months	10.5%	Best Year ▲	60.9%
1 Year	45.5%	Worst Year ▼	-23%

Top 3 Holdings

Holding	Country	% of NAV
Orascom Construction	Egypt	7.2
Orascom Telecom	Egypt	7.0
Bank Audi	Lebanon	6.3

Equity Allocation by Country



ENQUIRIES: