

The EFG-Hermes Middle East and Developing Africa (MEDA) Fund

February 28, 2007



ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

The MEDA Fund recovered in February gaining 4.59% during the month with the NAV standing at USD24.83. The Fund's high equity exposure coupled with the strategic positions in sectors benefiting from M&A activity fuelled the rally.

The Telecom Sector continued to outperform, with NMTC's major shareholders expressing their interest in divesting their stake at a considerably higher valuation than the market price. Qtel, which has made a formal bid, will now operate on a higher growth trajectory. The Saudi Arabian auction for the third mobile license was an additional catalyst for the rally, as major bidders such as the Egyptian Orascom Telecom and the Kuwaiti Mobile Telecommunication Company made up two of our core holdings in the fund. The former also benefited from a series of events including a buy back of minorities in the Egyptian Company for Mobile Services (Mobinil), the decision to proceed with a stock split, the announcement of a treasury share buy back, and the expectation of an extraordinary dividend following the sale of Hutch Essar.

Our holdings in both Bahrain and Oman outperformed their own markets with the companies announcing better than expected results, triggering buying pressure which drove a rally in our holdings.

During the month we continued to add to our holdings in both Qatar and Jordan in selected stocks where we identified hidden value and subsequently continued to trim our holdings in Lebanon. We believe that Qatar has undiscovered growth stories where we expect to derive value, while in Jordan we are focused on the building materials and services sectors which are expected to benefit from the increasing demand and the structural economic changes in the country. Meanwhile, The UAE Market remained virtually flat during the month. We remain positive on UAE and we continue to build positions in that market as we believe it is trading at attractive valuations that are expected to be reflected in the medium term.

Going forward we will continue to identify value within the covered markets in the small and mid cap universe while maintaining a diversified and liquid portfolio.

Objective

Long term capital appreciation through investing in listed Middle East and North African equities and equity-related securities.

Fund Performance

Returns	MEDA Fund	MSCI Arabia excl- KSA	Difference
Month to Date	4.59%	4.54%	0.05%
Year to Date	3.24%	3.95%	-0.71%
2006	6.18%	-21.73%	27.91%
2005	60.87%	NA*	NA*
2004	52.71%	NA*	NA*

Fund Information

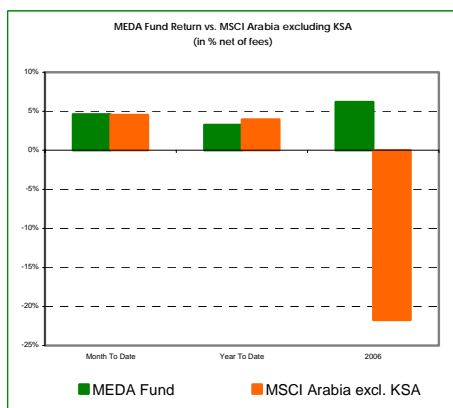
NAV per share	USD 24.83
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.77%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

Fund Characteristics

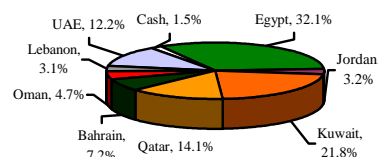
No. of Holdings	34
Wtd. Market Cap.(mm)	USD4,682
P/E Ratio 07	11.05x
Beta	0.49
Sharpe Ratio	1.44
Tracking Error	6.91%

Top Holdings

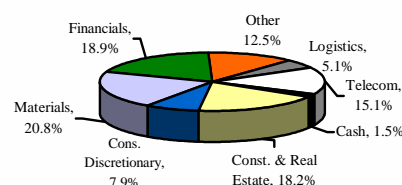
Holding	Country	% of NAV
MTC	Kuwait	5.48%
Emaar	UAE	5.40%
Ahli United Bank	Bahrain	4.95%
Qatar Telecom	Qatar	4.78%
Qatar Gas	Qatar	4.69%



Allocation By Country



Equity Allocation By Economic Sector



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