

Fund Manager's Strategy & Outlook

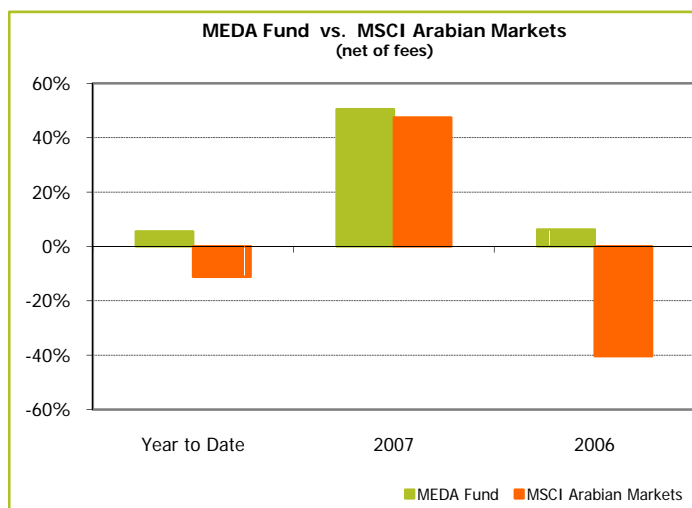
The MEDA Fund declined 3.2% in July, bringing its YTD performance to 5.5%. The majority of the MENA markets declined in July on the back of global market turbulence, political tension in Iran, and persistent global inflation coupled with slowing growth. The Egyptian and Saudi markets were the worst performing markets declining 6% and 7%, respectively.

The Egyptian market remains weak on the lingering inflation concerns and prevailing negative sentiment in the market. The Investment Manager expects that inflation will likely erode private consumption which will negatively impact selective sectors in the Egyptian stock market. Furthermore, external demand is expected to weaken driven by slower growth in the developed countries. The Investment Manager will continue to adopt a defensive stance on this market

In the GCC, the Abu Dhabi Securities Market ended the month flat, while the Dubai Financial Market declined 1%. Volumes have been lackluster as the summer months emerge. The Investment Manager has reduced the Fund's weighting in the UAE market. The Muscat Securities Market declined 5% following a spectacular rally over the last 18 months. Recently, the Investment Manager has been stressing a defensive posture on this market and will use this correction as an opportunity to identify potential price anomalies.

The highly-anticipated IPO of Maaden took place in July. The company sold 50% of its shares for 9.25 billion Saudi riyals earlier this month in the Middle East's second largest initial public offering this year. The Investment Manager remains positive on the Saudi market, and has used the recent correction as an opportunity to increase the Fund's allocation to that market.

The MENA markets have recently been impacted by the turmoil in global markets; however, the Investment Manager believes the structural transformation of the GCC economies will become more pronounced at current oil prices. Furthermore, the dynamics in the GCC economies – namely fiscal prudence and strong growth – can withstand a global slowdown in the medium term.



Objective

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

Fund Performance

Returns	MEDA Fund	MSCI Arabian Markets	Difference
Month to Date	-3.2%	-4.7%	1.5%
Year to Date	5.5%	-11.2%	16.7%
2007	50.5%	47.4%	3.1%
2006	6.2%	-40.4%	46.5%
2005	60.9%	NA	NA
2004	52.7%	NA	NA

Fund Information

NAV per Share	USD 38.18
No. of Share Certificates	35,872,026
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.0%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
ISIN (Class C shares)	BMG294042020
Sedol	0-675-970
Reuters Code	LP65037105
Bloomberg Ticker	EFGMEAF BH

Fund Characteristics

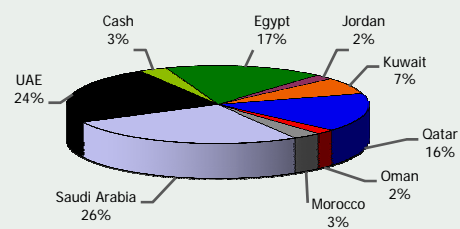
No. of Holdings	35
Wtd. Market Cap (mm)	USD 9,591
P/E Ratio 08	12.6x
Beta	0.4
Information Ratio*	1.5
Standard Deviation*	14.0%

*Calculated vs. MSCI Arabian Markets since index inception in June 2005

Top 5 Holdings

Holding	Country	% of NAV
KIPCO	Kuwait	6.7%
SAFCO	Saudi Arabia	4.8%
Union Properties	UAE	4.7%
Talaat Mostafa Group	Egypt	4.5%
Emirates NBD	UAE	4.4%

Allocation By Country



Allocation By Economic Sector

