

### Fund Manager's Strategy & Outlook

The MEDA Fund gained 0.7% in May bringing its YTD performance to 9.4%. The MENA markets experienced mixed fortunes in May. The Lebanese market was the best performer gaining more than 12% followed by Jordan and Qatar at 7% and 5%, respectively; the Egyptian market was the worst performer declining 6%.

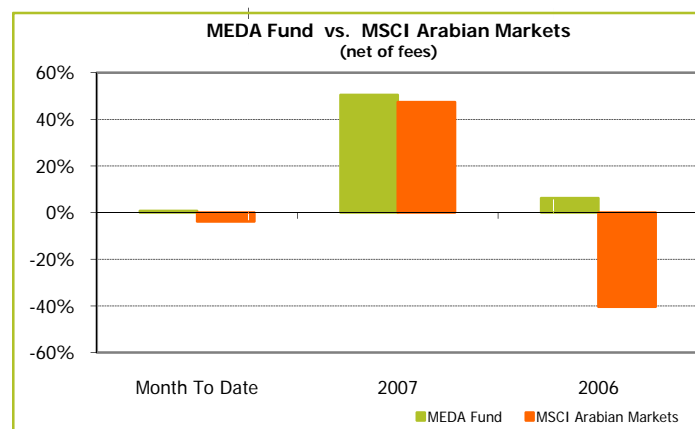
The Egyptian market sold off during the month on the back of the recent policy reforms implemented by the government to help fund increases in social spending. The sell-off was broad, and was exacerbated by margin calls for retail investors. The Investment Manager expects the Egyptian market to remain volatile for the remainder of the year, and will continue to strategically position the Fund's holdings into the more defensive areas of the market.

In the GCC, Qatar was the best performing market on the back of strong foreign investor interest coupled with robust earnings growth outlook. We remain positive on the market for the remainder of the year; however, we see a risk of profit taking in the near term given the substantial rally which has resulted in a 23% gain over the last two months. The Investment Manager has thus reduced the Fund's allocation to that market.

In the UAE, the market ended virtually flat with the Dubai Financial Market declining 1%, and the Abu Dhabi Securities Market gaining 1%. Foreign investor interest remains buoyant, and the Fund is well positioned to capitalize on the key investment themes in these markets.

The Saudi market continues to display high volatility posting a 5% decline for the month. A number of recent corporate actions dampened liquidity in the market. The Investment Manager believes valuations are currently attractive, and market activity is likely to pick up in the second half of the year supported by strong underlying fundamentals. We maintain a positive view on Saudi, and believe that the downside risk is limited from current levels.

The Investment Manager believes the region will continue to benefit from robust economic growth underpinned by record high oil prices, abundant liquidity, and ongoing capital market reform. Furthermore, foreign investor participation in the region is expected to remain strong given the diversification benefits displayed by the MENA markets.



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### 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 | 0.7%      | -3.8%                | 4.5%       |
| Year to Date  | 9.4%      | -5.6%                | 15.0%      |
| 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 39.59              |
| No. of Share Certificates | 32,426,419             |
| Launch Date               | July 2, 1999           |
| Listing                   | Dubai Financial Market |
| Structure                 | Open Ended             |
| Management Fee            | 1.4%                   |
| Incentive Fee             | 15% over 10%           |
| Expense Ratio             | 1.7%                   |
| Minimum Subscription      | USD 10,000             |
| Subscription / Redemption | Monthly                |

### Fund Identifiers

|                  |              |
|------------------|--------------|
| ISIN             | BMG294041030 |
| Sedol            | 0-675-970    |
| Reuters Code     | LP65037105   |
| Bloomberg Ticker | EFGMEAF BH   |

### Fund Characteristics

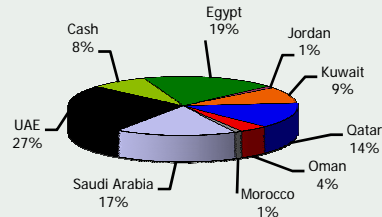
|                      |            |
|----------------------|------------|
| No. of Holdings      | 37         |
| Wtd. Market Cap (mm) | USD 10,964 |
| P/E Ratio 08         | 12.7x      |
| Beta                 | 0.4        |
| Information Ratio*   | 1.5        |
| Standard Deviation*  | 14.0%      |

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

### Top Holdings

| Holding                       | Country      | % of NAV |
|-------------------------------|--------------|----------|
| KIPCO                         | Kuwait       | 6.8%     |
| Talaat Mostafa Group          | Egypt        | 5.4%     |
| Union Properties              | UAE          | 5.2%     |
| Emaar                         | UAE          | 4.8%     |
| Saudi Arabian Fertilizers Co. | Saudi Arabia | 4.3%     |

### Allocation By Country



### Allocation By Economic Sector

