

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

September 30, 2007



EFG - Hermes

## ASSET MANAGEMENT FACT SHEET

### Fund Manager's Strategy & Outlook

The MEDA Fund gained more than 5.3% this month bringing its year to date return to 25.2% attributed almost evenly between GCC and non-GCC holdings.

The best performers during the month were companies operating in the consumer goods and building materials sectors. Notably, our overweight in the Egyptian market was the largest positive contributor to the Fund; followed by our exposure to the Qatari market.

In the GCC, despite the lackluster performance of the Saudi market, the Fund managed to outperform the overall market given its relatively low beta holdings. The Investment Manager continues to monitor the Saudi market closely looking for suitable entry points as we believe it remains one of the more attractive GCC markets. The market in Dubai remained under pressure primarily due to the continuous lack of detailed information on Emaar's joint venture with Dubai Holding. Conversely, Qatar and Oman were the best performing markets in the GCC on the back of institutional and foreign interest in those markets.

In North Africa and other non-GCC markets, the Fund maintained its exposure which is concentrated in the real estate and banking sectors. During the month, substantial GCC liquidity began flowing into those markets in anticipation of strong third quarter results and the Investment Manager would expect this trend to continue for some time.

Looking ahead, the outlook for the region remains robust on the back of high oil prices and abundant liquidity. The Investment Manager will maintain the current high exposure with a focus on the GCC in anticipation of a year-end, post Ramadan, pick-up.

### 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	5.36%	4.29%	1.06%
Year to Date	25.16%	31.13%	-5.97%
2006	6.18%	-21.73%	27.91%
2005	60.87%	NA	NA
2004	52.71%	NA	NA

### Fund Information

NAV per share	USD 30.10
No of share certificates	14,795,699
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.67%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

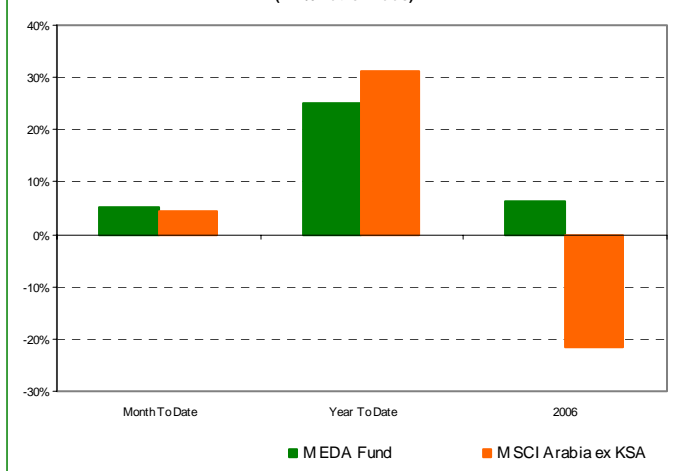
### Fund Characteristics

No. of Holdings	36
Wtd. Market Cap.(mm)	USD6,605
P/E Ratio 07	11.28x
Beta	0.71
Sharpe Ratio	0.78
Tracking Error	7.11%

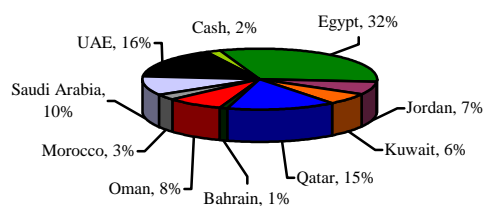
### Top Holdings

Holding	Country	% of NAV
Emaar	UAE	6.01%
Orascom Telecom	Egypt	5.25%
Olympic Group	Egypt	5.20%
El Ezz Steel Rebars	Egypt	4.91%
KIPCO	Kuwait	4.72%

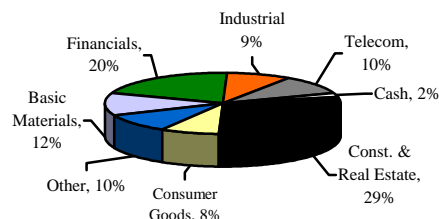
MEDA Fund Return vs. MSCI Arabia ex KSA  
(in % net of fees)



### Allocation By Country



### Allocation By Economic Sector



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