

Fund Manager's Strategy & Outlook

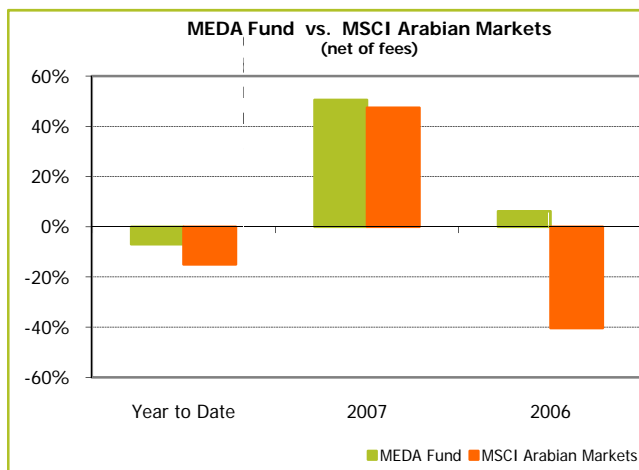
The MEDA Fund declined 11.8% in August bringing its YTD performance to -7.0%. Lackluster volumes, a correction in oil prices from record levels, and foreign institutional investor selling were some of the main drivers for the steep correction. The Egyptian, Omani, and Emirati markets were amongst the worst performers losing 9%, 12%, and 12%, respectively.

In the UAE, allegations of corruption surrounding several executives in real estate companies weighed on the real estate sector. The Fund's real estate holdings in the UAE which have significantly outperformed the market previously were not immune from the correction and contributed to the negative performance.

The Egyptian market maintained the recent bearish trend weighed down by persistent inflation and negative investor sentiment. The Investment Manager remains cautious on this market as conditions on the macro level have become more onerous in recent months.

In Saudi Arabia, the Capital Markets Authority announced a Board Resolution allowing non-resident foreign investors access to the stock market on a stock-by-stock basis through swap agreements with authorized investors who would legally own the underlying shares. The Saudi market was the best performing market in the GCC ending the month flat. In the medium to long term, this development coupled with solid underlying fundamentals should be a positive catalyst for the market.

The Investment Manager believes the current correction does not reflect the fundamental value of the regional markets. Potential triggers for a rebound are strong Q3 earnings, and local and foreign investors returning to the markets following the summer months. Additional volatility cannot be ruled out; however, the current environment provides an attractive entry point for long term investors.



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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	-11.8%	-4.3 %	-7.5%
Year to Date	-7.0%	-15.0%	8.0%
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 33.67
No. of Share Certificates	35,070,370
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

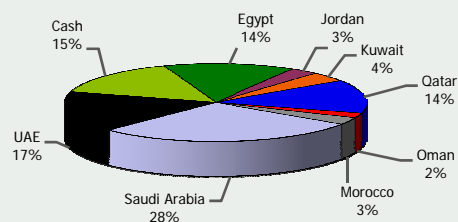
No. of Holdings	32
Wtd. Market Cap (mm)	USD 10,457
P/E Ratio 08	11.2x
Beta	0.5
Information Ratio*	1.2
Standard Deviation*	14.6%

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

Top 5 Holdings

Holding	Country	% of NAV
SABIC	Saudi Arabia	5.2%
Maaden	Saudi Arabia	4.8%
Emirates NBD	UAE	4.3%
SA Fertilizers	Saudi Arabia	4.3%
KIPCO	Kuwait	4.2%

Allocation By Country



Allocation By Economic Sector

