

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

March 31, 2007



EFG - Hermes

## ASSET MANAGEMENT FACT SHEET

### Fund Manager's Strategy & Outlook

The MEDA Fund enjoyed another positive month to close at USD25.36, representing a gain of 2.1%. Our active strategy payed off, as we continued to lock profits within the short lived rallies that drove stock prices to what we perceived as fair values.

The fund's largest contributor during the month was the Kuwaiti market, led by the blue chip MTC. The company, which gained significant momentum during the month, surged by more than 15% triggered by the high acquisition multiple of its local peer NMTC. The rally was further fuelled by its acquisition of the third mobile license in Saudi Arabia. Positive sentiment surrounding the stock spilled over to the rest of the market.

Despite the decline in the Omani market, our holdings contributed positively to the fund's performance amid speculation regarding substantial growth in expected FY07 earnings. Furthermore our UAE holdings closed in marginal negative territory despite the pronounced 10% loss for the markets during the same period which was largely driven by the negative sentiment that surrounded our top holding Emaar. This was a result of the Dubai Holding transaction, which investors viewed as lacking transparency.

Bahrain and Qatar also added to the positive contribution during the month despite the fact that the former closed in negative territory as our holdings in both countries considerably outperformed their own local indices. Egypt, our biggest overweight, ended the month virtually flat with losses recorded from our big cap holdings offset by gains from selected mid cap holdings. We believe that we are well positioned to capture a rebound in the market following the mid month profit taking.

Going forward we will continue to maintain a high exposure to the markets we cover as we believe the fundamental story remains sound which should bring back the positive sentiment into the markets and drive a sustained rally. We continue to have a solid belief that stock selection in the MENA markets will be even more critical going forward than it has been in the last few years.

### 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	2.13%	2.29%	-0.16%
Year to Date	5.45%	6.33%	-0.88%
2006	6.18%	-21.73%	27.91%
2005	60.87%	NA*	NA*
2004	52.71%	NA*	NA*

### Fund Information

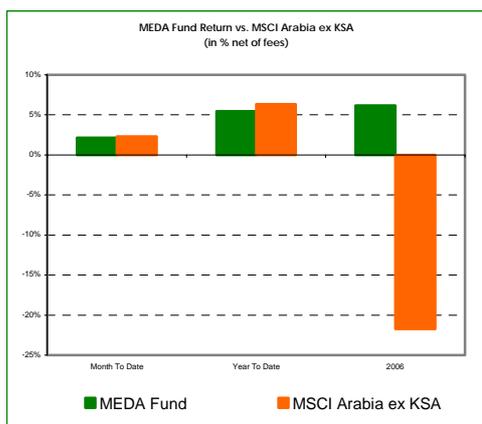
NAV per share	USD 25.36
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.86%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

### Fund Characteristics

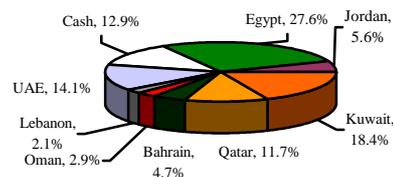
No. of Holdings	36
Wtd. Market Cap.(mm)	USD4,789
P/E Ratio 07	11.24x
Beta	0.79
Sharpe Ratio	2.16
Tracking Error	6.71%

### Top Holdings

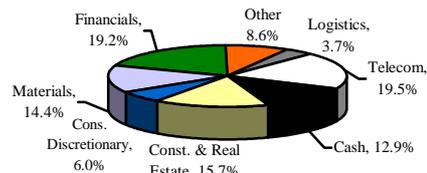
Holding	Country	% of NAV
Emaar	UAE	7.24%
Orascom Telecom	Egypt	6.45%
MTC	Kuwait	5.50%
Qatar Telecom	Qatar	4.45%
Orascom Hotels & Development	Egypt	3.56%



### Allocation By Country



### Allocation By Economic Sector



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