

Fund Manager's Strategy & Outlook

Darwinian principles prevail...

Despite the downtrend that most of the regional markets continued to witness during the month of April, the MEDA Fund preserved its YTD gains to close virtually unchanged at USD23.08. Most of the selling was fueled by retail investors' fears of potential margin calls especially in the more leveraged GCC markets. There seems to have also been some concerns about the quality of earnings, going forward, especially in the more speculative mid and small cap segments.

Our value-driven strategy continued to pay off this month especially given the outperformance of some of our mid-cap holdings which contributed positively to the Fund. Moreover, we have taken advantage of the high volatility experienced in some of the key markets such as Qatar and the UAE to "buy on the dips" and increase our core holdings which, for a limited period of time, traded down in sympathy with their less robust peers.

The Fund's performance also benefited from its exposure to Morocco and Tunisia, two markets that continue to perform very well and remain relatively unharmed by the correction across GCC markets. In fact, we are recognizing signs of a theme that we had anticipated and communicated to many of our clients sometime ago, namely the lack of a clear correlation between the GCC and Levant & North African markets. This bodes well for our holdings which are diversified across all Arab markets.

We also continued to reshuffle our exposure in core markets such as Kuwait and Egypt, while selectively buying in new markets such as Palestine where political events took center-stage fueling a wave of selling and enabling the Fund to come in at highly attractive valuations.

Looking ahead, we hold on to our belief that the most recent correction is healthy and presents a good buying opportunity: we plan to put more cash to use during the next few weeks adding on weakness and taking advantage of any unsubstantiated correction in select companies. While we dare not call the bottom, we anticipate that Darwinian principles will prevail.

Objective

The principal objective of the fund is long term capital appreciation through investing in listed Middle East and North Africa equities and equity related securities.

Fund Information

NAV per share	USD 23.08
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over benchmark
Benchmark	10%

Investment Information

Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

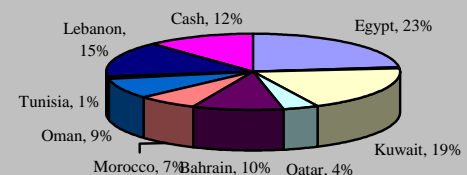
Fund Performance

Trailing Returns		Risk Overview	
YTD	1.90%	No. Years ▲	5
MTD	-0.3%	No. Years ▼	2
3 Months	-10.7%	Best Year ▲	61%
1 Year	27.8%	Worst Year ▼	-23%

Top 3 Holdings

Holding	Country	% of NAV
Orascom Construction	Egypt	6.9
Bank Audi	Lebanon	6.7
Orascom Telecom	Egypt	5.2

Equity Allocation By Country



ENQUIRIES: