

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

January 31, 2007



ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

The MEDA Fund had a return of -1.29% for the month attributed to a large extent to our overweight position in the Egyptian market, which lost ground after a short-lived rally. Our allocation in Kuwait limited this negative performance, with most of our holdings gaining ground for the month. Our allocation in Oman contributed positively, with the Muscat Securities Market the only GCC stock exchange to finish the month in positive territory. Furthermore, our decision to reduce our equity exposure across the region at the beginning of the year, proved beneficial, as we had anticipated a correction due to the window dressing which typically takes place at the end of 2006.

We added to our overweight position in Qatar, where we see value, especially after the market witnessed significant selling pressure. This was as a result of Nakilat having called for existing shareholders to subscribe to the unpaid portion of the company's capital. This pressure was further fuelled by negative sentiment with regards to its corporate earnings, predominantly due to their investment portfolio.

In Kuwait, we continued to accumulate new positions, driven by our bullish views on the market. We find valuations to be relatively attractive and hence we decided to add two additional holdings that rallied on the back of corporate restructuring. Moreover, we started reducing our cash position towards the end of the month, allocating funds to the Jordanian market while reducing our Omani and Lebanese holdings.

The Egyptian market suffered from selling pressure towards the end of the month, as retail investors anticipated a market correction similar to the corresponding period last year. We used this opportunity to increase our exposure, as sentiment drove some equities back to attractive valuations.

We maintain our positive view on the region, despite an expected increase in volatility in the short term, driven by speculation on FY 2006 results. In the longer term, we believe that fundamentals will prevail, which will be reflected by the alignment of retail sentiment with corporate fundamentals.

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	-1.29%	-0.59%	-0.70%
Year to Date	-1.29%	-0.59%	-0.70%
One Year	-8.16%	-22.99%	14.82%

Fund Information

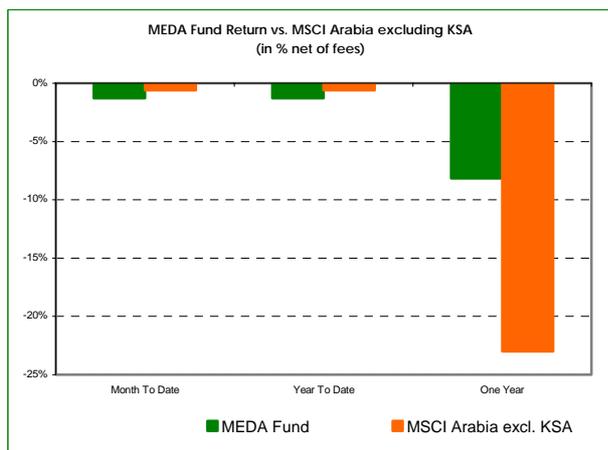
NAV per share	USD 23.74
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.72%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

Fund Characteristics

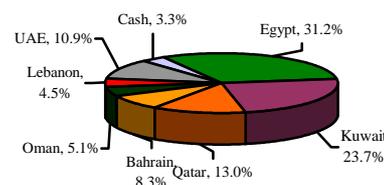
No. of Holdings	34
Wtd. Market Cap.(mm)	USD4,830
P/E Ratio 07	10.66x
Beta	0.39
Sharpe Ratio	1.30
Tracking Error	2.25%

Top Holdings

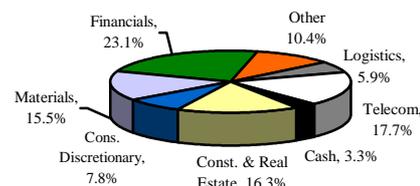
Holding	Country	% of NAV
MTC	Kuwait	5.42%
Ahli United Bank	Bahrain	5.37%
Emaar	UAE	5.23%



Allocation By Country



Equity Allocation By Economic Sector



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