



Fund Manager's Strategy & Outlook

Summer Bargains

Despite the emergence of political turmoil in Lebanon earlier this month and otherwise lethargic GCC markets, the Fund's NAV closed at USD21.33, down 0.6% month-to-date, and outperforming all regional benchmarks.

After a brief rally across most MENA markets earlier in the month, the political tension weighed on investors' appetite resulting in most markets closing in the red. The exception—and shining star—of this month has been the Egyptian market which rallied 18%. On the back of a successful bid for the third mobile license, investors took note and bought back into a market which had—by all measures—overreached on the downside in months past.

The Fund had been well positioned to reap the benefits of this rally as we had argued for several months now that the fundamentals of the Egyptian markets were strong and the market appeared cheap both in relative (compared to the rest of the region) and absolute terms. With some of our holdings reaching their target fair value, we locked some profits and slightly trimmed down our positions in Egypt. We had reduced our position in Lebanon prior to the outbreak of the crisis taking profits across the board so the subsequent correction only had a minor impact on the Fund's performance. We have also trimmed down our holdings in Qatar taking advantage of the short-lived rally at the start of the month. Currently, our equity exposure is back below 90% as we prefer to monitor the markets closely for emerging opportunities.

Looking ahead, we will adopt a wait-and-see approach given the political turbulence in the region while opportunistically continuing to hunt for bargains which we feel are re-surfacing at an accelerated pace. While investors may remain cautious during the traditionally slow month of August; we would not be surprised if a relief rally emerges post-summer on the back of strong Q2 results and a potential cease fire in Lebanon.

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 21.33
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

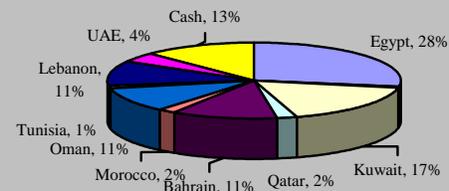
Fund Performance

Trailing Returns		Risk Overview	
YTD	-5.8%	No. Years ▲	5
MTD	-0.6%	No. Years ▼	2
3 Months	-7.9%	Best Year ▲	61%
1 Year	7.1%	Worst Year ▼	-23%

Top 3 Holdings

Holding	Country	% of NAV
Al Ahli United Bank	Bahrain	6.6
MTC	Kuwait	5.8
Orascom Telecom	Egypt	5.5

Equity Allocation By Country



ENQUIRIES: