

Fund Manager's Strategy & Outlook

Despite the continued correction in the regional capital markets, the MEDA Fund was able to close the first quarter in positive territory recording gains of 2.3%. However, the Fund's performance was negatively impacted during the month of March as two of the Fund's highest exposure countries, Egypt and Kuwait, underperformed, resulting in the NAV closing at USD23.16. Liquidity concerns given the number of IPOs announced continued to trigger retail selling waves across the region. Moreover, the volatility of the Saudi Arabian market—the largest in the region by market capitalization—continued to weigh on other GCC markets especially as investors taking losses in their home markets resorted to selective selling in other markets.

Given our investments in fundamentally strong companies which derive their value from core earnings, we believe that the Fund is currently well placed to reap the benefits of the expected rebound in the regional markets. While the coming period may witness further volatility with the announcement of 1Q06 results, the fundamentals for the coming quarters look promising.

During the month we reshuffled our exposure, taking profits in some markets where valuations were stretched including selective positions in Kuwait and Egypt. We have also participated in some IPOs in the region (e.g. Bahrain) and continue to focus on mid caps in the regional markets where we identified "hidden value". Despite the general decline in most markets, the positive performance of the Fund's positions in Oman, Qatar, and Morocco contributed positively to the Fund.

Looking ahead to the second quarter, we will continue to adopt a wait-and-see approach while focusing on value stocks that derive their earnings from core operations in markets that we feel have been disproportionately punished during the downturn. Given current valuations, we are beginning to see selective value in markets that only six months ago seemed "bubbly", including the UAE, and look forward to building new entry positions in such markets.

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 23.16
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

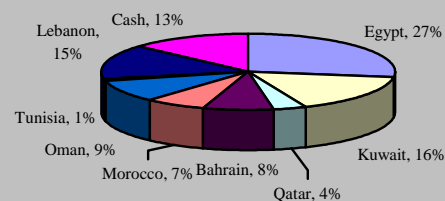
Fund Performance

Trailing Returns		Risk Overview	
YTD	2.3%	No. Years ▲	5
MTD	-3.3%	No. Years ▼	2
3 Months	2.3%	Best Year ▲	60.9%
1 Year	33.8%	Worst Year ▼	-23%

Top 3 Holdings

Holding	Country	% of NAV
Orascom Construction	Egypt	7.5
Bank Audi	Lebanon	6.7
Orascom Telecom	Egypt	6.6

Equity Allocation By Country



ENQUIRIES: