

Fund Manager's Strategy & Outlook

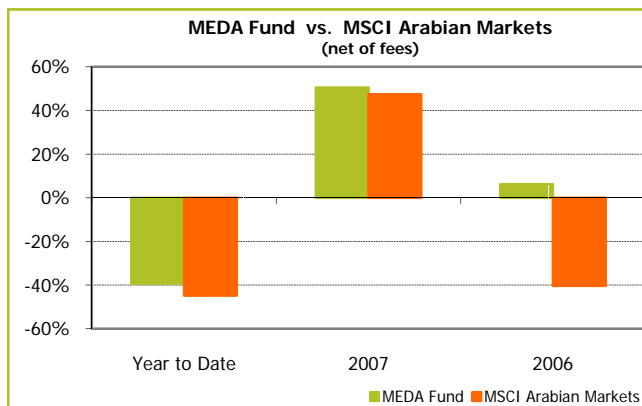
The MEDA Fund declined 24.9% during October on the back of one of the worst months in financial market history. The crisis in the global markets gathered pace during October and showed no signs of abating. Market dislocations were again evident across the board, with markets across the MENA region plummeting to levels not seen since 2006. The worst performers were Egypt, Dubai, and Saudi Arabia declining 33%, 29%, and 26%, respectively.

During the month, policymakers in the Gulf region enforced measures designed to shield the banks and capital markets from the global financial meltdown. Deposit guarantees were announced in the UAE, Kuwait, and Qatar, while cash injections were implemented in certain countries in order to address possible short term liquidity constraints. The Investment Manager believes these steps signal a vote of confidence by GCC governments with respect to their economies; the measures also indicate regional governments' willingness to take a pro-active approach towards policy-making, which in turn will promote foreign investments in the region once the dust settles.

In the GCC, the Investment Manager maintains a positive view on Qatar, and believes this market has the largest upside from current levels. Robust fundamentals in the country have been overlooked, and hence and the Investment Manager has increased exposure to the Qatari market and will look to exploit price inefficiencies as volatility subsides.

In Egypt, the Investment Manager maintains a relatively minor exposure as we believe that market has yet to establish a clear trend and foreign selling flows are still relatively high. The Investment Manager has been advocating a defensive stance on the Egyptian market ever since the government implemented the subsidy policies in May of this year. While the Investment Manager remains cognizant of negative investor sentiment and high inflation in the country, specific opportunities will surely present themselves after the severe market correction. The crash in commodity prices ought to help both with containing imported inflation and alleviating the strain on the government's subsidy bill.

Although the world has changed over the last several weeks, the Investment Manager retains a positive view on the MENA region's fundamentals and long-term growth story. Since severe price dislocations and high volatility may continue for a while longer, the Fund will remain defensive in its positioning while selectively increasing exposure to the highest conviction stories.



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Objective

Long term capital appreciation through investing in Middle East and North African equities and equity-related securities.

Fund Performance

Returns	MEDA Fund	MSCI Arabian Markets	Difference
Month to Date	-24.9%	-22.5%	-2.4%
Year to Date	-39.3%	-44.8%	5.5%
2007	50.5%	47.4%	3.1%
2006	6.2%	-40.4%	46.5%
2005	60.9%	NA	NA
2004	52.7%	NA	NA

Fund Information

NAV per Share	USD 21.96
No. of Share Certificates	29,578,436
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.9%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
ISIN (Class C shares)	BMG294042020
Sedol	0-675-970
Reuters Code	LP65037105
Bloomberg Ticker	EFGMEAF BH

Fund Characteristics

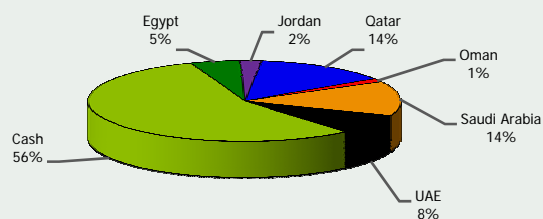
No. of Holdings	19
Wtd. Market Cap (mm)	USD 4,003
P/E Ratio 08	6.8x
Beta	0.7
Information Ratio*	1.1
Standard Deviation*	17.4%

*Calculated vs. MSCI Arabian Markets since index inception in June 2005

Top 5 Holdings

Holding	Country	% of NAV
Qatar Gas Transport	Qatar	5.1%
Industries Qatar	Qatar	3.9%
Arab Cement	Saudi Arabia	3.3%
Arabtec	UAE	3.1%
Middle East Specialized Cables	Saudi Arabia	2.8%

Allocation By Country



Allocation By Economic Sector

