

The EFG-Hermes Middle East & Developing Africa (MEDA) Fund October 31, 2007

Fund Manager's Strategy & Outlook

The The MEDA Fund enjoyed its best month of the year, gaining 11.4% in October, bringing the YTD gain to 39.4%. The GCC markets exhibited a strong performance on the back of the pronounced foreign institutional investor interest coupled with the attractive valuations. The rally was broad-based across the various sectors in the GCC markets.

The UAE market was the top contributor to the Fund's returns. The banking and real estate sectors were amongst the top performing sectors, and the Fund was well positioned to capture the rally. Investor confidence was restored in the Fund's top holding, Emaar, following an extended period of uncertainty and lack of transparency on the land-swap deal with Dubai Holding.

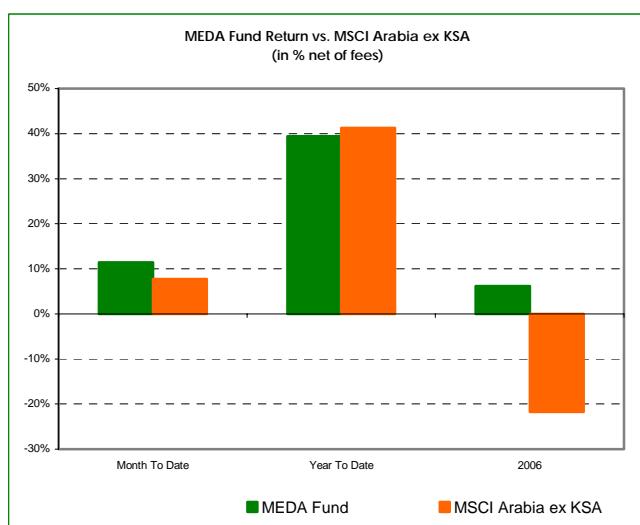
Qatar was among the top contributor to the Fund's returns. The Investment Manager has rebalanced some of the Fund's holdings during the month in order to take advantage of some of the price discrepancies in that market.

Investor interest has started to increase in the Saudi market following a largely range bound performance since the beginning of the year. Retail investors remain cautious on this market, however the Investment Manager believes certain catalysts such as the introduction of Participation Notes, and the move to a book building process for Initial Public Offerings will restore investor confidence in this market, and consequently the Investment Manager has increased the Fund's exposure to the Saudi market.

The Investment Manager has taken profits in the Bahraini market in favor of opportunities in other markets. Furthermore, the Fund continues to have a small exposure in the Kuwaiti and Omani markets.

In North Africa, Egypt remains the largest country allocation however, the Investment Manager has reduced the Fund's exposure following the recent rally.

The Investment Manager believes that the MENA markets should continue to perform well on the back of the attractive valuations, favorable dynamics, coupled with the strong international investor interest.



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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 Arabia excl- KSA	Difference
Month to Date	11.40%	7.74%	3.66%
Year to Date	39.42%	41.27%	-1.85%
2006	6.18%	-21.73%	27.91%
2005	60.87%	NA	NA
2004	52.71%	NA	NA

Fund Information

NAV per share	USD 33.53
No of share certificates	15,895,765
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.67%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

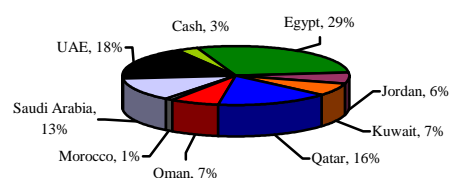
Fund Characteristics

No. of Holdings	35
Wtd. Market Cap.(mm)	USD8,446
P/E Ratio 07	10.38x
Beta	0.77
Sharpe Ratio	0.87
Tracking Error	7.30%

Top Holdings

Holding	Country	% of NAV
Emaar	UAE	6.06%
Emaar Economic City	Saudi Arabia	5.28%
Orascom Telecom	Egypt	4.80%
El Ezz Steel Rebars	Egypt	4.48%
Barwa Real Estate	Qatar	4.17%

Allocation By Country



Allocation By Economic Sector

