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

September 2005

Fund Manager's Strategy & Outlook

The Fund resumed its rally during the month of September to add more than 5% to its NAV and marking its year-to-date return at 47.8%. The gains were derived from both the Egyptian and the Kuwaiti markets where our overweight positions continue to pay off. The former was boosted by the stabilization of its political outlook post presidential election and the government's increasing commitment to economic reform while the latter gained ground after a halt last month following capital increases by large cap companies such as PWC.

Among the main positive contributors to the Fund's performance was Kuwaiti Global Investment House which jumped 19% during the month as it continued to exhibit impressive growth in its core business and listed its shares on the Dubai Financial Market this month to increase its regional visibility.

We have re-shuffled some of our positions in Egypt by taking profits in existing holdings that have peaked in order to increase others including Orascom Hotels and Development which continued to rally after it announced that it is leading a consortium to develop an USD800Mn resort and marina on Egypt's Red Sea coast. We have also successfully participated in the IPO of Alexandria Mineral Oil Company (AMOC) which was heavily oversubscribed.

It is also worth noting that we have added to our exposure in Lebanon by introducing new companies to the Fund that we believe are undervalued compared to their regional peers.

Going forward, we expect activity will be maintained on a relatively high level during the holy month of Ramadan given that several new IPOs and secondary offerings will be coming to the markets during that period.

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 20.81
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fees	1.4%
Incentive fees	20% of outperformance
Benchmark	S&P IFCI Global Index

Investment Information

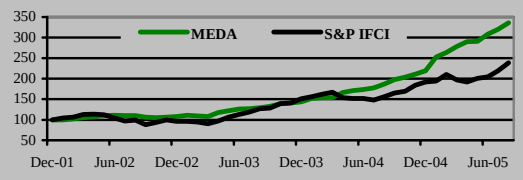
Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

Fund Performance

Trailing Returns	
YTD	**47.8%**
MTD	5.0%
3 Months	8.3%
1 Year	64.1%

Risk Overview	
No. Years ▲	4
No. Years ▼	2
Best Year ▲	53%
Worst Year ▼	-23%

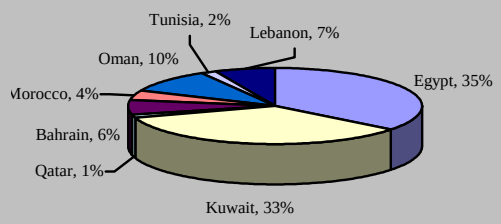
MEDA Relative Performance



Top 5 Holdings

Holding	Country	% of NAV
Orascom Telecom	Egypt	9.3%
MTC	Kuwait	8.3%
Global Inv.	Kuwait	8.2%
PWC	Kuwait	5.8%
Orascom Construction Ind.	Egypt	5.5%

Equity Allocation By Country



This update does not constitute an offer of shares and should not be relied upon by any person acquiring or otherwise dealing in shares of the company. Subscription of shares in the company may only currently be made on the terms of the Placing Memorandum of the company. It should be noted that investment in the fund is only suitable for sophisticated investors who are aware of the risks of investing in The EFG-Hermes Middle East and Developing Africa Fund Limited and should be regarded as long term. Please remember that past performance is not necessarily a guide to the future. Market and currency movements may cause the value of shares and the income from them to fluctuate and you may get back less than you invested when you decide to sell your share.

ENQUIRIES:

Hashem Montasser- *Head of Regional Asset Management*
Tel: 9714- 330 0335
Fax: 9714- 330 0336
e-mail: hmontasser@efg-hermes.com

Karim Nehma- *Portfolio Manager*
Tel: 9714-3300335
Fax: 9714-3300336
e-mail: knehma@efg-hermes.com