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

October 31, 2006

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

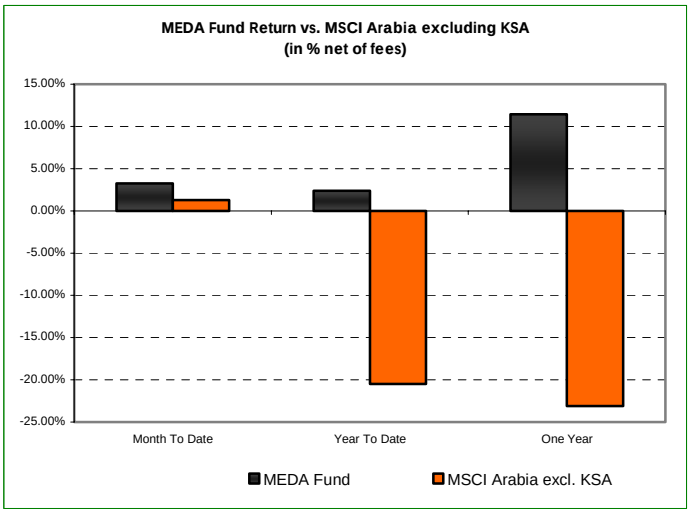
Fund Manager's Strategy & Outlook

(North) African Dreams

The MEDA Fund continued to gain ground this month adding 3.2% to its NAV despite the strong sell –off. Persistent regional tensions along with the drop in oil prices below USD60 and OPEC's cut in production quotas seem to have weighed heavily on the regional markets. Saudi Arabia's markets slid the most amidst negative investor sentiment regarding the consolidation of their daily trading sessions. Despite such negative catalysts, Kuwait and Oman managed to close in positive territory benefiting the Fund's performance as we maintained our holdings in both these markets. The former was boosted by the stellar performance of its telecom operators which announced strong 3Q06 results while the latter was led by the financial sector especially Bank Muscat which witnessed a significant increase in its daily trading volume.

Another catalyst for our out performance during the month was our overweight of the Egyptian market where we built significant positions on dips and trimmed some of our holdings as they approached their fair value in favor of new mid cap stocks. The market rally was fuelled by the 80% sale of Bank of Alexandria in a transaction worth USD 1.6Bn to Italy's San Paolo, a significant premium to the market's valuation (specially the financial sector). Furthermore, we have benefited from the rally in Tunisia and Morocco, which, along with Egypt, were the two best performing markets in the region during the month.

Looking forward, our focus will continue to be on opportunities in small and mid caps where we are able identify value plays in addition to re-shuffling existing positions in several regional large caps.



Objective

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

Fund Performance

Returns	MEDA Fund	MSCI Arabia excl- KSA	Difference
Month to Date	3.23%	2.38%	0.85%
Year to Date	5.70%	-18.61%	24.30%
One Year	11.50%	-22.41%	33.91%

(*) Index history began 06/30/05

Fund Information

NAV per share	USD 23.94
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.73%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

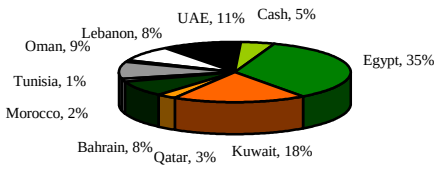
Fund Characteristics

No. of Holdings	39
Wtd. Market Cap.(mm)	USD 4,850
P/E Ratio	13.1X
Beta	0.20
Sharpe Ratio	1.46
Tracking Error	9.52%

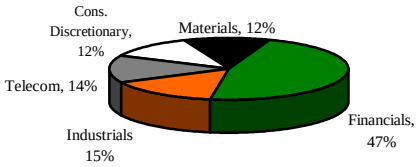
Top Holdings (%)

Holding	Country	% of NAV
SODIC	Egypt	6.34%
Orascom Telecom	Egypt	5.85%
Public Warehousing	Kuwait	5.78%

Allocation By Country



Equity Allocation By Economic Sector



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