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

May 31, 2007

EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Fund Manager's Strategy & Outlook

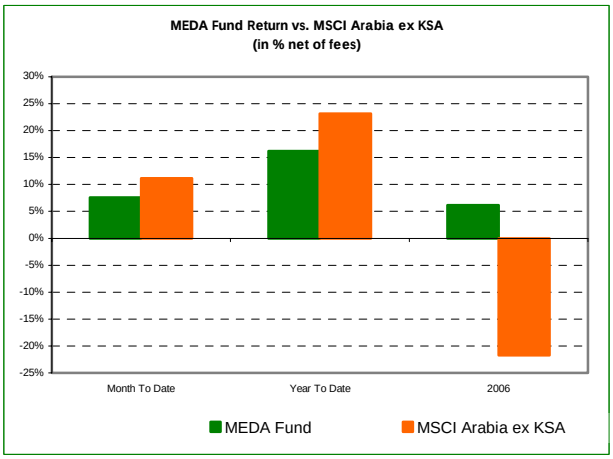
The MEDA Fund surged more than 7.5% during the month to close at its life time high NAV of USD27.95 . During the month we have increased our exposure to the UAE, Qatar and Saudi Arabia while subsequently reducing Kuwait and Bahrain. Furthermore we have maintained our exposure in Egypt at the same level while we continued to rebalance our holdings. On another note, we have initiated an exposure to Morocco late in the month following the recent heavy correction which has improved the overall valuation of that market.

The GCC markets continued to show clear strength during the month with foreign investors driving the rally. Our early entry into Qatar paid off as the index soared more than 12%. In the UAE, our exposure to the financial sector contributed positively. We took profits in companies which traded at or near their fair value. We remain upbeat on that market as an increasing amount of companies continue to open their shareholder base to foreign investors.

In the Saudi Arabia we continue to build positions as we are confident that the market is becoming increasingly attractive coupled with a structurally robust economic outlook. On another note, we have realized some gains in Bahrain following the 10% rally. In the Omani market, we continue to capitalize on lucrative trading opportunities as that market hit all time highs.

In Egypt, we added to our telecom positions as we believe the sector is trading at attractive valuations which lag regional peers. Moreover, we have taken some profits in the real estate sector which we believe in the short term has reached overheated levels in favor of the financial sector. In Lebanon, we gradually increased our exposure as the market sold off.

Going forward the investment manager will continue to position the Fund to benefit from the current uptrend in the market, as we believe improving retail sentiment coupled with increased foreign institutional investor's interest that are looking for undervalued and uncorrelated investment opportunities will be the driving catalysts for a sustainable rally.



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	7.58%	11.15%	-3.56%
Year to Date	16.22%	23.17%	-6.95%
2006	6.18%	-21.73%	27.91%
2005	60.87%	NA*	NA*
2004	52.71%	NA*	NA*

Fund Information

NAV per share	USD 27.95
No of share certificates	12,664,336
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management fee	1.4%
Incentive fee	15% over 10%
Expense ratio	1.74%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG294041030
Sedol	0-675-970
Reuters Code	EDRG
Bloomberg Ticker	EFGMEAF BH

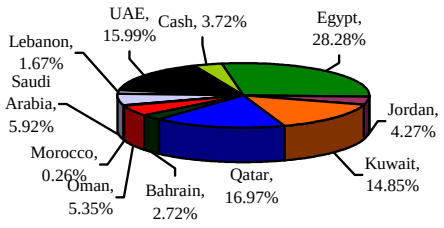
Fund Characteristics

No. of Holdings	48
Wtd. Market Cap.(mm)	USD5,590
P/E Ratio 07	12.38x
Beta	0.70
Sharpe Ratio	1.63
Tracking Error	7.72%

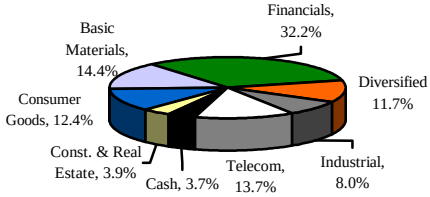
Top Holdings

Holding	Country	% of NAV
Orascom Telecom	Egypt	6.38%
KIPCO	Kuwait	5.41%
Qatar Industries	Qatar	4.16%
Olympic Group	Egypt	3.87%
CIB	Egypt	3.61%

Allocation By Country



Allocation By Economic Sector



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This update does not constitute an offer of shares and should not be relied upon by any person accruing 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 and should be re-graced 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.