

Fund Manager's Strategy & Outlook

The previous month saw strong performance across regional markets despite oil losing 2.1%. Kuwait led the way with a massive 19.7% rally making it one of the best performing markets globally in 2017. The Egyptian and Turkish markets gained 6.1% and 3.9% in USD terms while the Qatari Index moved up by 3.9%. The Dubai and Abu Dhabi markets were up 3.1% and 3.0%, respectively. The Omani Index was relatively unchanged at 0.4% while Saudi edged down by 0.5%.

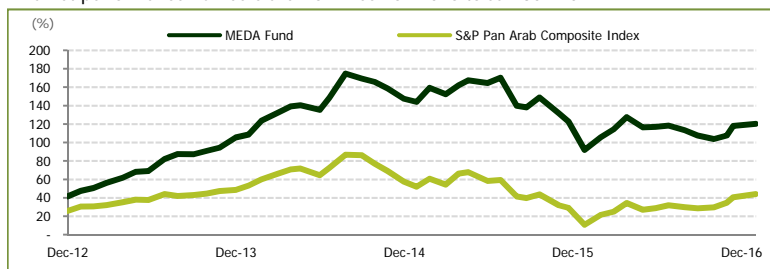
Kuwait remains in the best fiscal position relative to its GCC neighbors and the country will continue to benefit as long as oil prices are moving upwards. The Parliament is not standing in the way of the government budget but rather focusing more on reducing subsidy reforms and increasing Kuwaitization and as a result we expect consumer spending to continue. There has been a wave of M&A transactions and sales of assets in the market which has also been the recipient of an aggressive increase in fund flows which has improved liquidity significantly. As Pakistan moves out of the Frontier Index and potentially Argentina follows, more Frontier flows will relocate into Kuwait which will help push the market even higher.

During the month, Egypt raised USD 4bn from its first public debt issuance post the IMF agreement, of three bonds of 5yr, 10yr and 30yr tenors. The bonds were heavily oversubscribed - the order book being 3.5x oversubscribed and pricing came in lower than guided for at the initial marketing phase. This signifies positive sentiment from investors on newly adopted reform policies. The bond issuance should boost the foreign reserves to close to USD 28bn and provide some visibility for plugging the funding gap. Egypt has also made significant steps towards clearing the backlog of USD repatriation for investors, having led to a mild appreciation of the EGP, further signifying a pick-up in investor confidence.

The rally the UAE had in 2016 may have borrowed from 2017 expected returns although from a fiscal perspective, the UAE has been faster in fiscal cuts in 2016 and could inject some fiscal stimulus for some 2017 GDP growth. One added challenge in 2017 is the strength of the USD and its repercussions on tourist arrivals and real estate attractiveness to international prospects. Stock selection will continue to drive the UAE weight while acknowledging that valuations aren't particularly compelling, we select companies that have either a regional theme that extends beyond the UAE or those who exhibit growth faster than the rest of the market albeit with high relative valuations.

OPEC has achieved 90% compliance on promised cuts, with Saudi Arabia reducing production by even more than it had committed, at 116% of pledged cuts. However, this has been overshadowed by elevated inventories globally, while the higher prices are fueling increased investments in US light shale oil. Oil prices are expected to remain largely range bound, within USD 50/bbl to USD 60/bbl in the near term.

*market performance numbers are from Dec 26th 2016 to Jan 30th 2017.



As of January 30, 2017

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Objective

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

Fund Performance

	MEDA Fund Class A	S&P Pan Arab*	Difference
MTD**	1.0%	2.5%	-1.5%
YTD	1.0%	2.5%	-1.5%
2016	-2.2%	8.8%	-11.0%
2015	-10.0%	-18.0%	8.0%
2014	20.4%	6.0%	14.4%
2013	45.1%	26.3%	18.8%
2012	14.3%	6.8%	7.5%

*Figures reflect performance since inception of S&P Pan Arab Composite Large/Mid Cap Net TR Index in Dec 2004 as of the relevant Valuation Days of the MEDA Fund

**MTD figures reflect performance between December 12 2016 and January 30, 2017

Fund Characteristics

No. of Holdings	24
Weighted Market Cap	USD 10.7 billion
Average Dividend Yield*	2.4%
P/E Ratio 2016	15.2x

*Figure reflects the weighted average yield of a dividend-bearing security in the portfolio

Fund Metrics*

Alpha	6.8%
Beta	0.90
Volatility	15.4%
Information Ratio	1.09

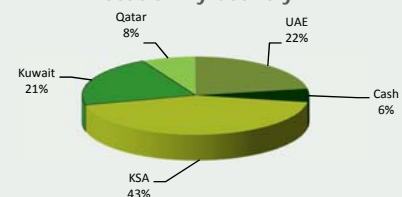
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

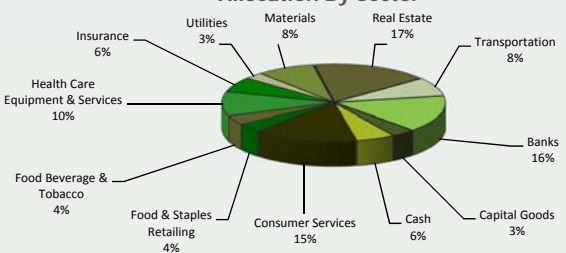
Holding	Country	% of NAV*
Aramex	UAE	7.9%
Human Soft Holding Co	Kuwait	7.8%
NMC Health	UAE	5.6%
Emaar Properties	UAE	5.5%
Mabaneer Co	Kuwait	5.4%

*Figures as of January 30, 2017

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 31.0
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.6%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH
Merrill Lynch Code	EFGAT