

Fund Manager's Strategy & Outlook

MENA markets maintained the positive trend in August despite the usually quiet period associated with Ramadan and summer holidays. Volumes during this Ramadan have been the highest since 2007, which led to several markets grinding higher led by Egypt which posted a 10% gain for August. The MEDA Fund gained 3.4%.

Even though political uncertainty and economic challenges still exist in the region, investors have largely decided to add on risk given that fears associated with the Eurozone debt crisis subsided and several regional markets appear to have bottomed in the short term.

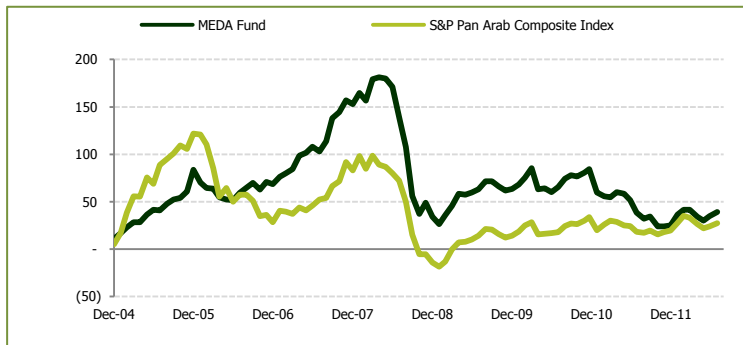
Several positive developments came out of Egypt; the first tranche of the USD 2 billion Qatari grant was deposited with the Central Bank of Egypt, contributing to the USD 1 billion increase in foreign reserves in August, with the remaining USD 1.5 billion expected in September. The President has ruled out any devaluation of the EGP and imposition of new taxes.

Furthermore, Morsi has held talks with the IMF chief Lagarde, thereafter which Egypt has increased its application for IMF Loan funds to USD 4.8 billion and anticipate the deal, which will carry a 1.1% interest rate over five years, to close by the end of the year. China has also promised a USD 200 million loan to Egypt following the President's trip to Beijing. On the political front, President Morsi has ordered the retirement of Field Marshal Tantawi and Lieutenant General Sami Enan, ending the recent power struggle between the generals and the president. Domestic sentiment and liquidity has improved considerably in the Egyptian market, with volumes touching USD 130 million and rising from the lows of USD 30 million during the revolution.

In Kuwait, the CMA has approved Qtel's tender offer to pay USD 2.2 billion (KWD 622 million; KWD 2.6/share) for the remaining 47.5% of NMTC that it does not own. The offer was at an 18% premium to NMTC's last closing price before share suspension and although the deal multiples are on the low end, 4.0x 2012e EBITDA, it provides a good exit opportunity for shareholders.

In the UAE, we are seeing continued improvement on the ground; Dubai land transactions were up 21% y-o-y in the first half of 2012. Foreign trade in the UAE has exceeded the AED 600 billion mark for the first time with exports and re-exports having risen 13.3% in the first six months of the year over 2011.

We remain positive on Qatar, UAE and Saudi Arabia, particularly in the domestic consumption space and some banking sector opportunities, which we believe stand to experience stronger growth than the rest of the region and we continue to monitor Egypt closely for further positive developments and improving economic outlook.



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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**	3.4%	2.8%	0.6%
YTD	12.4%	8.1%	4.3%
2011	-31.4%	-9.4%	-22.0%
2010	11.7%	16.1%	-4.4%
2009	8.7%	18.4%	-9.7%
2008	-42.1%	-50.6%	8.5%
2007	50.5%	41.1%	9.4%
2006	6.2%	-33.9%	40.1%

*Figures reflect performance since inception of S&P Pan Arab Composite Large/Mid Cap Net TR Index in Dec 2004
**MTD figures reflect performance between July 30th, 2012 and August 27th, 2012

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	USD 13.2 billion
Average Dividend Yield*	3.0%
P/E Ratio 2012	10.7x

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

Fund Metrics*

Alpha	0.7%
Beta	0.7
Standard Deviation	5.8%
Information Ratio	0.0

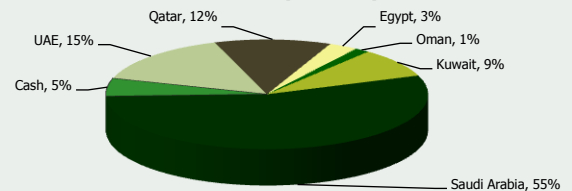
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since index inception in December 2004

Top Five Equity Holdings

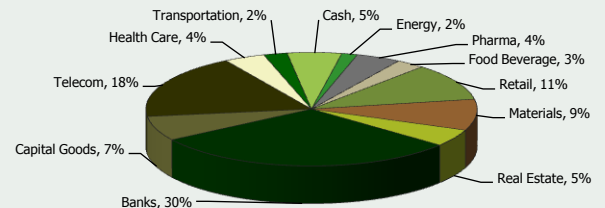
Holding	Country	% of NAV*
SABIC	Saudi Arabia	6.9%
Rajhi Bank	Saudi Arabia	6.7%
Ethiad Etisalat	Saudi Arabia	6.4%
Qatar National Bank	Qatar	5.7%
Fawaz Abdul Aziz Al Hokair	Saudi Arabia	5.6%

*Figures as of August 27th, 2012

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 19.61
Fund Size (USD)	USD 82 million
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.1%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH