

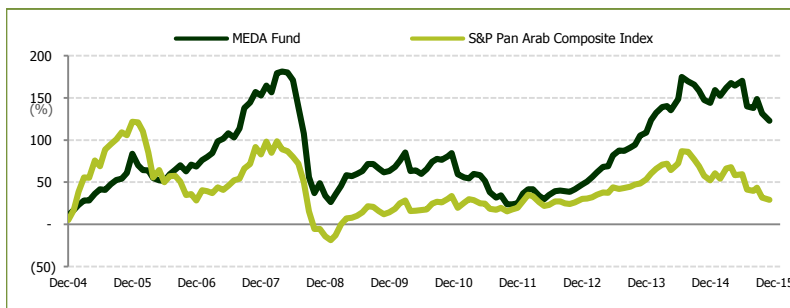
Fund Manager's Strategy & Outlook

The last month of the year was witness to several major events that marked the end of a volatile 2015, bringing in the New Year which has gotten off to a rough start across the world. During the previous month, regional markets were able to brush off a 19.7% decline in Brent crude prices to a large extent. Egypt had the best performing market in MENA as the index posted a gain of 6.3% in USD terms. The Abu Dhabi, Qatari and Omani indices lost 1.1%, 1.8% and 2.6%, respectively. The Turkish market was also down 2.6% in USD terms. The Dubai bourse shed 3.2% while the Kuwaiti market dropped 3.3%. Finally, the Saudi market was the worst performing in the region with a loss of 4.3% for the period.

The US Fed finally raised interest rates by 25 basis points and indicated towards a gradual pace of further increases, bringing an end to the seven year near-zero borrowing cost environment. Markets were quick to welcome the move. Although a net positive for regional banks especially those geared towards a corporate loan book, the sector in the region faces several challenges including a liquidity squeeze, decline in volume growth on the credit front, asset quality deterioration and overall increase in the cost of risk.

The main event which the market was waiting for was the Saudi budgetary announcement, and it was accompanied with news of a significant domestic energy policy reform. The government announced expenditures of SAR 840bn for 2016 (which includes a SAR 183bn provision for support) along with revenues of SAR 514bn, implying an oil price estimate of USD 36 / bbl. The resulting projected budget deficit of SAR 326bn is 11.1% lower than the actual deficit in 2015 representing 13.5% of GDP vs. 15.0% in 2015. The country has taken the first steps towards energy subsidy reform by increasing the prices of domestic petrol, electricity and water. Another major step taken was the long awaited increase to ethane, methane and other natural gas liquid feedstock and the increases were above market expectations. The move comes as a positive action given the current oil price environment but it stands to negatively impact the petrochemical, cement and industrial sectors.

The New Year has gotten off to a shaky start as China's decision to weaken the Yuan again sent markets on a downward trajectory, triggering newly placed circuit breakers which halted trading. Global markets have felt the shockwave and as Chinese authorities continue to devalue the Yuan it fuels speculation that the economy is in a worse state than anticipated. Oil markets already hit with a supply glut, were also impacted by negative sentiment around demand expectations and Brent hit a 12 year low just over USD 32 / bbl before recovering slightly. The next regional catalyst for the market is upcoming FY 2015 earnings. Consensus earnings growth of over 15% for 2016 seems too high given recent developments and so downgrades to consensus earnings are likely which will push 2016 multiples higher. The weakness in the market has however provided the opportunity to add to quality names at very attractive prices which have been hurt by overall sentiment and by recent geopolitical tensions. The Fund will be looking to take advantage of the current valuations to position itself in fundamentally sound companies that offer the best growth prospects.



As of December 21, 2015

Sherif El Haddad, Fund Manager
 EFG-Hermes Asset Management
 Tel: 9714-363 4047 / Fax: 9714-362 1171
 e-mail : AMSales@efg-hermes.com

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**	-3.8%	-2.1%	-1.7%
YTD	-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%
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 as of the relevant Valuation Days of the MEDA Fund

**MTD figures reflect performance between November 30, 2015 and December 21, 2015

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	USD 3.5 billion
Average Dividend Yield*	2.7%
P/E Ratio 2015	15.6x

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

Fund Metrics*

Alpha	11.9%
Beta	0.91
Volatility	14.3%
Information Ratio	2.14

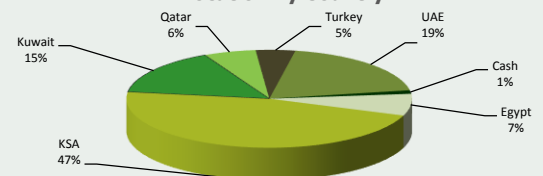
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

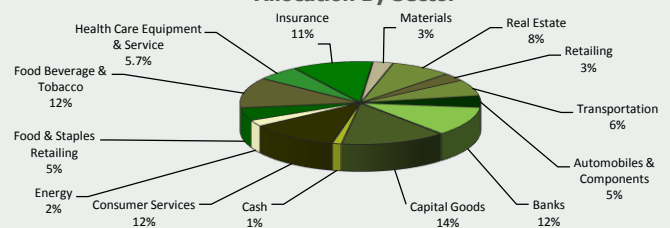
Holding	Country	% of NAV*
Mezzan Holding	Kuwait	8.7%
Bupa Arabia	KSA	5.6%
Al Sagr Cooperative Insurance	KSA	5.4%
Abdul Mohsen Al-Hokair	KSA	5.4%
Saudi Marketing	KSA	5.0%

*Figures as of December 21, 2015

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 31.38
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.62%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

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