

### Fund Manager's Strategy & Outlook

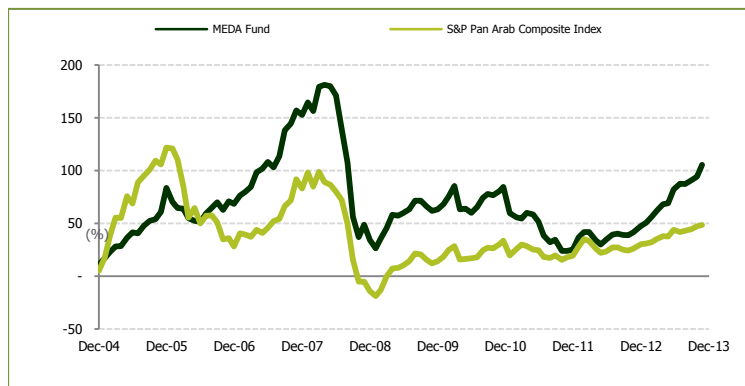
Regional markets continued their strong momentum into 2014 as global markets have faced a late month correction in January. Fed policy makers stated that monthly bond purchases will continue to be trimmed by USD 10bn which cuts the pace of stimulus for a second straight meeting. The S&P 500's loss for the month marked its first January decline since 2010. Emerging markets extended their worst start of the year since 2009 as Chinese official PMI fell to a six-month low and subtle fears on a credit issue in the shadow banking system are emerging. Central bank increases in Turkey, India and South Africa have failed to contain weakening currencies and the exchange rate instability continues to dampen investor sentiment and drive outflows into regional markets.

The Dubai bourse remains the best performing equity index in the world with a 9.4% rise in January. Other top globally performing markets include Qatar, Egypt and Abu Dhabi bourses which have gained 8.3%, 7.0% and 5.5% respectively. The Saudi market although positive for the month, was up just 1.4%.

A referendum held in Egypt overwhelmingly approved the new constitutional charter with 98.1% of voter support in favor. The new constitution stands out on several issues such as the official ban on religious political parties and on the fact that the Egyptian Army would now have more authority in determining government policy. The presidential vote, which will likely be contested by the army chief, is to be held before the parliamentary polls which should accelerate the transfer of power to a more stable government which is supportive of positive investor sentiment and the beginning of the country's road back to economic stability.

Earnings season in swing and with all Saudi companies having reported FY 2013 results sector trends have become visible. Earnings of financials have surprised the market, but going into 2014 we can expect to see higher provisioning, the impact of a slowdown in the construction sector due to the labor issues in the country and possible spread compression. The labor issues have been reflected in the earnings of the building materials and consumer sectors as well. Petrochemicals earnings have been positive but in some cases depressed by shutdowns. The current oil price environment and capacity ramp ups should provide for positive surprises in selective names in 2014.

Several new IPOs are expected to come to market across the regional markets providing new investment opportunities. A key risk is the contagion that may catch up with regional market sentiment on the back of a continued global correction.



As of January 27<sup>th</sup>, 2014

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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**	1.5%	3.1%	-1.6%
YTD	1.5%	3.1%	-1.6%
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 December 30<sup>th</sup>, 2013 and January 27<sup>th</sup>, 2014

#### Fund Characteristics

No. of Holdings	28
Weighted Market Cap	USD 13.3billion
Average Dividend Yield*	3.2%
P/E Ratio 2014	13.0x

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

#### Fund Metrics\*

Alpha	11.1%
Beta	1.0
Volatility	10.6%
Information Ratio	2.4

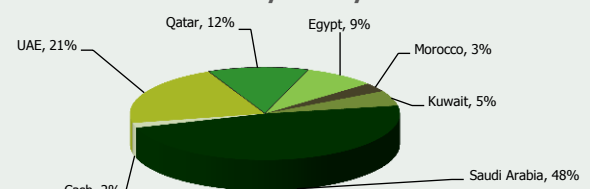
\*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29<sup>th</sup> December 2011

#### Top Five Holdings

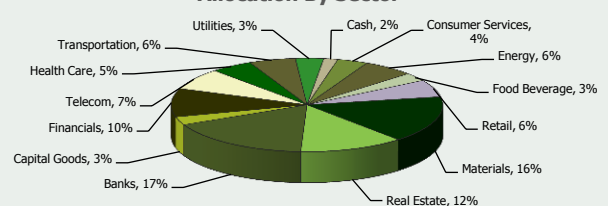
Holding	Country	% of NAV*
SABIC	Saudi Arabia	7.8%
Etiihad Etisalat	Saudi Arabia	7.4%
SABB	Saudi Arabia	6.4%
Fawaz Abdulaziz Al Hokair & Co.	Saudi Arabia	6.0%
Qatar Fuel Co.	Qatar	4.2%

\*Figures as of January 27<sup>th</sup>, 2014

#### Allocation By Country



#### Allocation By Sector



#### Fund Data

NAV per Share (Class A)	USD 29.37
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.0%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

#### Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH