

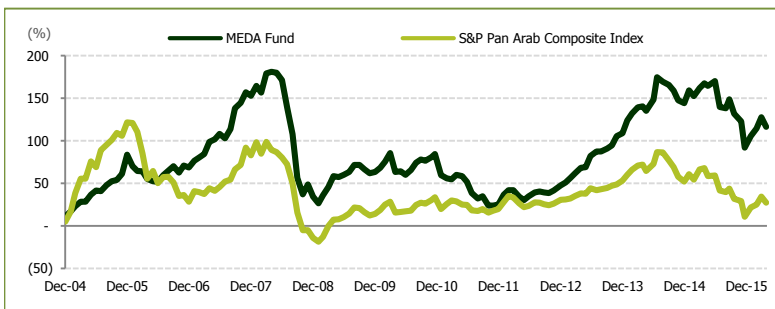
Fund Manager's Strategy & Outlook

MENA markets witnessed a weak month despite Brent crude prices rallying 12.6%. Crude prices have continued their rally above the USD 50 / bbl mark as strong imports from China aided positive sentiment amid supply outages in Africa along with a decline in U.S. inventories. The recovery in prices however may be the spark to restart idle production putting downward pressure on prices again. The Kuwaiti market was the only one in positive territory with a gain of 0.4% over the course of the previous month. The Omani market lost 1.5% and the Egyptian market was down 3.6% in USD terms. The Qatari and Dubai bourses shed 6.2% and 7.1%, respectively, as the Saudi market was down 7.4%. The Abu Dhabi market lost 8.1% and the Turkish market was the worst performing as the index lost 11.2% in USD terms.

The Saudi cabinet approved the National Transformation Program (NTP) which is the follow up to the Vision 2030 national development strategy announced in April. The NTP provides more detailed targets for the next four years, laying out 178 strategic objectives with over 340 indicators and benchmarks set for 24 ministries and government entities. The NTP document touches on many of the key reform areas including raising non-oil government revenues, boosting private sector employment, expanding private healthcare, mining and religious tourism and attracting more FDIs. However, the specifics surrounding actual implementation are lacking in some key areas such as asset privatization, but this also indicates there will be further disclosures to come in the future.

The fiscal targets by 2020 include raising non-oil government revenue from USD 44bn to USD 141bn which is an increase of USD 98mn, the size of the 2015 fiscal deficit. The burden of fiscal adjustment will revolve around raising government revenue rather than cuts to expenditure. Government debt is also targeted to increase from 8% of GDP to 30% by 2020. The Kingdom has borrowed USD 10bn from a consortium of global banks in April and is in plans to raise as much as USD 15bn from an international bond sale. The priority sectors for development are the healthcare, basic materials, religious tourism and oil & gas sectors as the government seeks to increase non-oil commodity exports, increase Hajj visitors and increase dry gas production. The Saudi government also stated its intention on reducing the total government spending on public sector salaries by 5% and creating 1.2mn jobs in the private sector. Overall this is a very positive step and the market has reacted positively, we do however await further details on key areas in the plan.

Egypt's cabinet has approved in principle a value added tax (VAT) bill and will refer it to the Council of State, before sending it to parliament for discussion. The long-delayed VAT draft law is part of a government fiscal reform program aimed at cutting energy subsidies and reducing the growing deficit. The energy subsidy bill has come down 27% to EGP 41bn in 9M FY 15/16 according to the Oil Ministry owing to the decline in crude prices. The country has also received the first tranche of a USD 2.5bn Saudi government grant. This follows a USD 1.5bn loan to develop Sinai which was agreed to in March.



As of May 30, 2016

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**	-4.9%	-5.5%	0.6%
YTD	-2.9%	-1.7%	-1.2%
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%
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 April 25, 2016 and May 30, 2016

Fund Characteristics

No. of Holdings	28
Weighted Market Cap	USD 3.6 billion
Average Dividend Yield*	2.7%
P/E Ratio 2015	13.6x

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

Fund Metrics*

Alpha	10.2%
Beta	0.91
Volatility	16.2%
Information Ratio	1.8

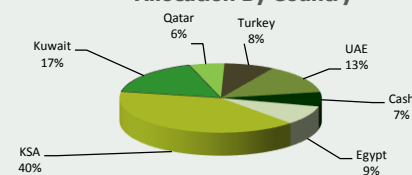
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

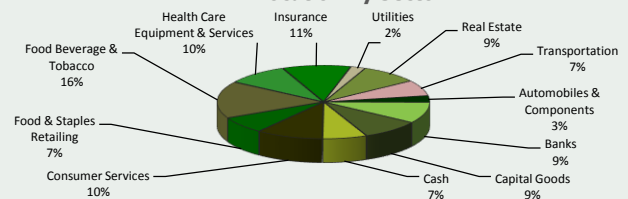
Holding	Country	% of NAV*
Mezzan Holding	Kuwait	8.4%
Saudi Marketing Co	KSA	7.4%
Bupa Arabia for Cooperative Insurance	KSA	6.0%
ElSwedy Electric	Egypt	5.6%
Kuwait Food Co Americana	Kuwait	5.3%

*Figures as of May 30, 2016

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 30.48
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.78%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

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