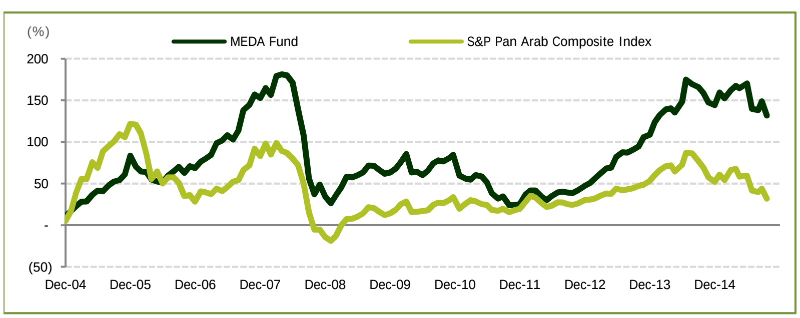
The EFG-Hermes Middle East & Developing Africa (MEDA) Fund
November 2015

Fund Manager's Strategy & Outlook

The previous month witnessed Brent crude prices fall 7.5% to USD 44.6 / bbl and currently prices are hovering near seven year lows at the USD 40 / bbl mark. At the recent OPEC meeting, members yet again failed to cut production or agree on a production cap. Iraq plans to raise output in 2016, Iran will not consider any reduction in output until it restores production to pre-sanctions levels and Oman plans to invest a further USD 4bn in boosting output. According to the IEA, investments in the oil industry fell by more than 20% in 2015, the steepest decline in history and at current levels U.S. production is on the path of a drastic decline after reaching a peak of 9.6 mbd in April. Gulf producers are looking at an uptick in global demand in 2016 and 2017 to absorb their output and displace shale production, however a significant rally in oil crude prices in 2016 remains unlikely until we see a real move in global demand. On the back of the drop in crude prices regional markets were hurt but Kuwait and Saudi remained resilient as those markets were flat and down 1.1%, respectively. The Abu Dhabi, Turkish and Oman bourses were down 4.0%, 5.1% and 6.5%, respectively while the DFM Index fell by 9.8%. Sentiment in Dubai was hit by a weak earnings season with Arabtec and Emaar posting earnings that were below estimates. The underperformance of the UAE is unwarranted given that the economy is more resilient to falling crude prices, easing of Iran sanctions will boost economic activity, and the declining appetite for UAE real estate is not new. The worst performing were the Qatari and Egyptian indices which lost 13.9% and 16.1%, respectively.

In Saudi the Shoura Council has recommended expediting and finalizing requirements for MSCI emerging markets index inclusion, which has been one of the main objectives in opening up the stock market to foreign investors. Currently the main obstacles remain the aspects of the QFI framework and settlement. The largest upcoming catalyst for regional markets remains the upcoming Saudi budget which will come within the context of expectations of expenditure cuts. On the revenue side, the market is looking to what oil price assumption is used and on the expenditure side there are concerns on whether and how much spending will be cut. Markets are hoping the focus of the budget remains supportive of growth although a tightened fiscal stance reflecting austerity is on the cards. Measures have been initiated to add to government revenues and this includes the approval of a 2.5% land tax and a hike in the tariff for water by 50% for large industrial and commercial entities. A liberalization of energy prices remains a possibility in 2016 for Saudi, while Gulf States have agreed on issues for implementing VAT in the region, however this has a longer term target.

In Egypt the President has emphasized that developing infrastructure is a key component of the government's strategy to both attract investment and develop manufacturing capacity. Egypt has revised its GDP target for the current fiscal year to 5.5% up from 5.0% and the country will be seeking an IMF loan of between USD 3bn to USD 5bn to fund its large scale national infrastructure projects. The government has also let the EGP appreciate against the USD in order to eliminate FX financing constraints that have pressured importers and exporters during the past few months.



As of November 30, 2015

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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**	-6.9%	-8.2%	1.3%
YTD	-6.4%	-16.3%	9.9%
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 October 19, 2015 and November 30, 2015

Fund Characteristics

No. of Holdings	27
Weighted Market Cap	USD 3.4 billion
Average Dividend Yield*	2.6%
P/E Ratio 2015	16.6x

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

Fund Metrics*

Alpha	12.8%
Beta	0.90
Volatility	14.2%
Information Ratio	2.3

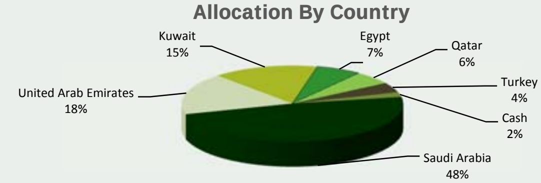
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

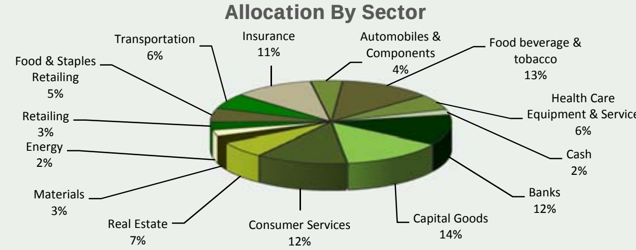
Holding	Country	% of NAV*
Mezzan Holding	Kuwait	8.8%
Bupa Arabia	KSA	5.5%
Al Sagr Cooperative Insurance	KSA	5.4%
Saudi Marketing	KSA	5.4%
Al Hammadi Development and Inv.	KSA	5.3%

*Figures as of November 30, 2015

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 32.62
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.7%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

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