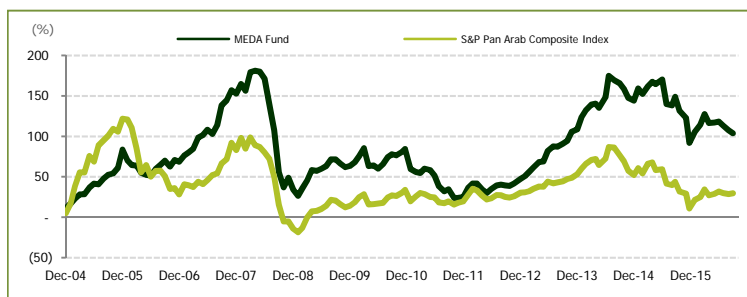


### Fund Manager's Strategy & Outlook

Regional markets performed poorly during the previous month as crude oil prices remained flat and the build-up to the U.S. elections continued. The Egyptian market was the best performing with a 5.0% gain in USD terms and the only other market in positive territory was Saudi with a 0.9% gain. The Kuwaiti Index was relatively unchanged at -0.1% while the Turkish Index lost 1.5% in USD terms. The Qatari, Abu Dhabi and Dubai markets lost 3.2%, 4.3% and 4.6%, respectively. The Omani market was the worst performing having lost 5.0%.

This year has seen several EM mega bond sales including Argentina with USD 16.5bn and Qatar with a USD 9.0bn issue back in May, but Saudi Arabia has completed the largest EM sovereign bond issue by raising USD 17.5bn in 5, 10 and 30 year tranches. The issue was close to 4x oversubscribed and allowed the country to borrow more and cheaper than initially expected. This is a positive step on the government's path to reform and should alleviate some of the pressure on domestic liquidity. Market sentiment was also boosted by the release of the new municipality fees that have come in significantly lower than previously expected. The market had sold off when news of these fees were first announced in the expectation that it would hurt economic activity by being too large. The new fee structure which comes into effect in December, would now actually have limited impact across corporates in different sectors and some of the proposed municipality fees have been postponed indefinitely. The Saudi market was given another boost recently as the government announced that it has set aside USD 27bn in order to clear its payments to private sector companies after delays which in some cases have stretched out over a year. The government had cut or suspended payments to companies in sectors such as construction and healthcare and stocks in these sectors saw a significant decline. The announcement has helped turnaround negative sentiment drastically in the very short term.

Egypt has gone ahead with its currency devaluation, a key measure to meet the IMF requirements to secure USD 12bn in funding to boost its economy. The EGP was devalued by 48% and a central bank auction was held allowing supply and demand to determine the value of the Pound for the first time in decades. The currency which was floated at EGP 13 to the USD depreciated further to EGP 17 and has since gained ground and is trading at EGP 15 to the dollar. The equity markets reacted positively after the announcement, since many prices in the country already reflect the parallel market price the threat of inflation is lower than what would be expected. The IMF also went ahead and approved the funding agreement and the approval allows for USD 2.8bn out of the USD 12bn in immediate disbursement. Egypt also issued USD 4bn in bonds which will boost reserves and this comes on top of the USD 2.8bn in Chinese currency swap transaction. Sentiment is positive as the devaluation overhang is finally out of the way and the funds should be aimed at restoring macroeconomic stability, creating employment and boosting growth. Foreign investors will still likely remain cautious until further signs of a recovery start filtering through.



As of October 31, 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**	-1.8%	0.8%	-2.6%
YTD	-8.6%	0.4%	-9.0%
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 September 26 2016 and October 31, 2016

### Fund Characteristics

No. of Holdings	23
Weighted Market Cap	USD 7.1 billion
Average Dividend Yield*	2.4%
P/E Ratio 2016	13.5x

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

### Fund Metrics\*

Alpha	7.4%
Beta	0.9
Volatility	15.7
Information Ratio	1.2

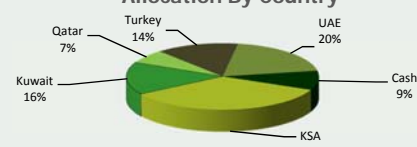
\*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29<sup>th</sup> December 2011

### Top Five Holdings

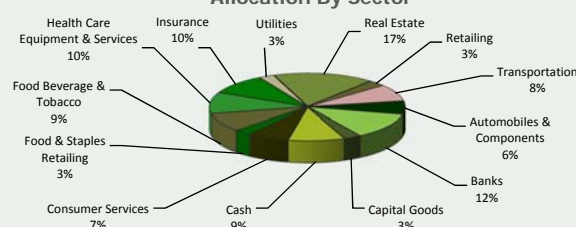
Holding	Country	% of NAV*
Al Rajhi Bank	KSA	8.3%
Kuwait Food Co Americana	Kuwait	6.4%
Mouwasat Medical Services	KSA	5.3%
Mabanee Co	Kuwait	5.0%
NMC Health	UAE	5.0%

\*Figures as of October 31, 2016

### Allocation By Country



### Allocation By Sector



### Fund Data

NAV per Share (Class A)	USD 28.69
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	1.82%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

### Fund Identifiers

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