



**Fund Manager's Strategy & Outlook**

The EFG-Hermes MEDA Fund gained 2.3% during the month to end the year +11.7% (as of December 20<sup>th</sup>).

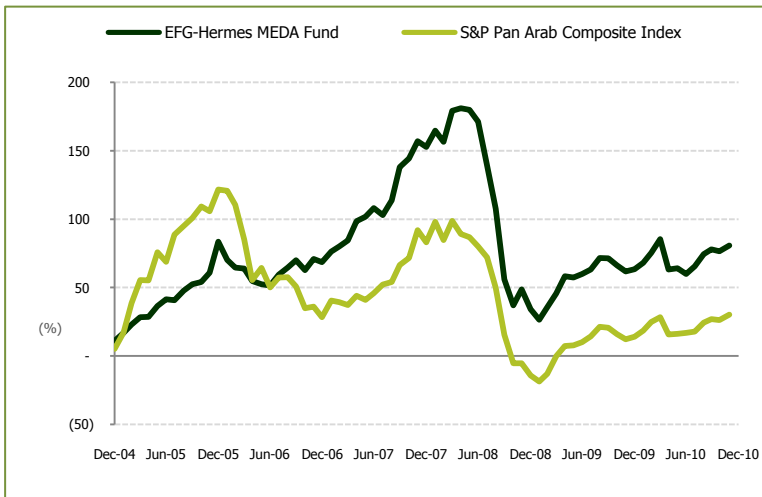
Over the first four months of 2010, regional markets rallied and started the process of decoupling from other global markets on the back of stronger oil prices, improving investor sentiment and attractive valuations. The Investment Manager maintained high exposure throughout this period to take advantage of positive momentum. Oil prices continued to rise resulting in healthier fiscal positions for regional economies, which in turn led to revised growth and earnings forecasts. Furthermore improving domestic demand and easing systemic risks – namely the Dubai World debt restructuring – contributed to positive sentiment.

In May, turmoil in global markets contributed to indiscriminate declines across all MENA bourses. This decline was largely the result of global contagion driven by Europe's debt crisis. Oil prices also fell sharply over the month declining more than 14%. This decline was fueled by concerns that these debt problems would slow the global economic recovery and weaken the demand for commodities.

As the lackluster summer months came to a close, investor sentiment strengthened, and markets reversed some of the dislocations that were apparent from May to September. As the traditionally quiet summer and Ramadan period passed, market volumes recovered from their troughs and investor sentiment improved. The Investment Manager increased the Fund's equity exposure in Q4 to take advantage of more favorable economic conditions, and improving earnings momentum. This robust performance was especially pronounced in the Qatari market which recovered from a dismal 2009 to register a 24% gain for the year. The Egyptian market ended the year with a solid return of 14%, and the Saudi market ended the year with a gain of more than 8%.

In December, the Investment Manger reduced the Fund's overall exposure following significant gains in October and November. The announcement that Qatar won its bid to host the World Cup in 2022 contributed to a pronounced rally which benefited the Fund's holdings. We also added names in the UAE as dislocations in the Dubai and Abu Dhabi markets still present compelling risk-reward opportunities.

The MENA markets have registered a solid performance for the 2010 year. We remain increasingly constructive on the MENA markets in 2011 and believe the long-term story in the MENA region remains attractive. Upwards revaluation of oil and commodity assets will translate into solid economic growth and higher earnings, supported by massive investment spending, diversification and development programs across the region.



EFG-Hermes Asset Management

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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**	2.3%	3.1%	-0.8%
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%

	MEDA Fund Class A	S&P Pan Arab*	Difference
1 year	11.7%	16.1%	-4.4%
3 year	-29.7%	-32.2%	2.5%
5 year	12.3%	-36.8%	49.1%
Since Inception*	80.7%	30.2%	50.5%

\*Figures reflect performance since inception of S&P Pan Arab Composite Large/Mid Cap Net TR Index in Dec 2004  
\*\*Performance figures are reflective of the period from November 29<sup>th</sup>, 2010 to December 20<sup>th</sup>, 2010

**Fund Characteristics**

No. of Holdings	24
Weighted Market Cap	USD 12.1 billion
Average Dividend Yield*	3.2%
P/E Ratio 2011	11.0x

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

**Fund Metrics\***

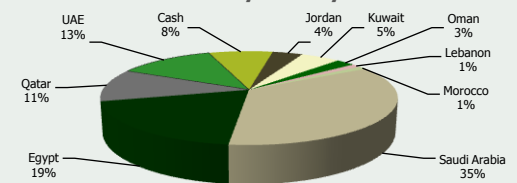
Alpha	6.5%
Beta	0.6
Standard Deviation	16.0%
Information Ratio	0.3

\*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since index inception in December 2004

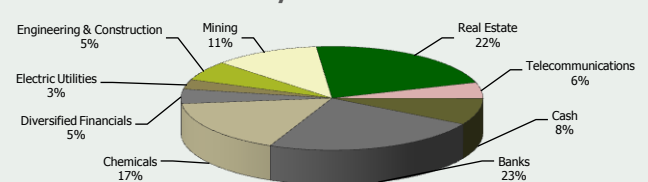
**Top Five Equity Holdings**

Holding	Country	% of NAV
Sahara Petrochemical Company	Saudi Arabia	7.9%
Maaden	Saudi Arabia	7.4%
Palm Hills	Egypt	7.3%
Rajhi Bank	Saudi Arabia	6.3%
Saudi Basic Industries Co.	Saudi Arabia	6.2%

**Allocation By Country\***



**Allocation By Economic Sector\***



**Fund Data**

NAV per Share (Class A)*	USD 25.44
NAV per Share (Class C)*	USD 25.06
Fund Size (USD)	USD 268 million
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

\* NAV per share and asset allocation figures as of December 20<sup>th</sup>, 2010

**Fund Identifiers**

ISIN (Class A shares)	BMG294041030
ISIN (Class C shares)	BMG294042020
Bloomberg Ticker	EFGMEAF BH