

Fund Manager's Strategy & Outlook

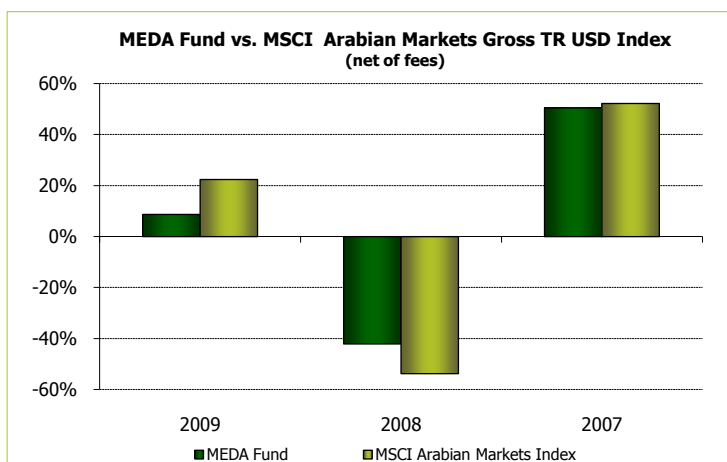
The MEDA Fund declined 2.7% in December ending 2009 with a gain of 8.7%. At the beginning of an undoubtedly eventful year, regional markets were oversold as the indiscriminate selling that marked the second half of 2008 showed no signs of abating. Negative investor sentiment worldwide persisted. Post March 2009, negative investor sentiment began to wane as governments around the world initiated aggressive countercyclical stimulus which helped mitigate the effects of the global financial crisis. As investor confidence recovered, markets experienced a lockstep rise in both fixed income and equities, in the process reversing some of the significant dislocations. This robust performance was apparent in the region's best performing markets, Egypt and Saudi Arabia, which gained 35% and 28%, respectively. Qatar ended the year with a dismal 1% gain lagging most of its Gulf neighbors despite the country's sound macroeconomic backdrop.

During the first half of the year, markets exhibited acute weakness on the back of depressed oil prices, dysfunctional credit markets, and weak investor sentiment. The Investment Manager maintained a defensive approach throughout this period maintaining high allocations to both fixed income and cash. As oil prices reflat and the aggressive stimulus implemented by policymakers trickled down to global economies, a strong recovery gathered pace. Subsequently a rally in risky assets took place, which benefited the Fund's holdings in both the equity and credit spaces. Throughout the summer months, the recovery in the MENA markets faced other systemic shocks from the news of a debt default by two prominent merchant families in Saudi Arabia, the Saad and Ghosaibi family groups, and uncertainty over the debt associated with Dubai government-related entities.

For the ensuing second half of the year, MENA markets posted mixed performances. As concerns relating to the wider regional defaults dissipated, markets resumed their recoveries. The Investment Manager increased the Fund's equity exposure to take advantage of improving economic conditions and subsequently reduced the fixed income and cash allocations to benefit from an improvement in corporate earnings outlook and investor appetite. Towards the end of November, Dubai World's announcement of a debt standstill was unexpected, and drove indiscriminate selling across regional markets. However, as consensus quickly emerged that the impact from Dubai's debt situation was largely contained, markets began to recover from oversold levels.

In December, the Investment Manager reduced the Fund's allocation to the UAE as Dubai World's standstill will have some structural implications for the UAE which may result in slower growth rates in the short-term. Furthermore, the Investment Manager reshuffled positions in Egypt, and the Fund's holdings in Oman and Kuwait helped curtail the downside from the other GCC markets.

As we enter 2010, the MENA markets have undoubtedly lagged the global rally which took place from the unprecedented March lows. We believe 2010 will be a year in which differentiation will be a key driver of performance as investors place an increasing emphasis on fundamentals. The long term story in the MENA region is still intact as the revaluation of oil assets will translate into sustained growth in wealth and continued infrastructure spending. Attractive valuations offer investors a compelling entry point into a region that should inevitably rerate in the coming year.



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Objective

Long term capital appreciation through investing in Middle East and North African equities and equity-related securities.

Fund Performance

Returns	MEDA Fund	MSCI Arabian Markets TR Gross USD*	Difference
Month to Date**	-2.7%	-2.9%	0.2%
2009	8.7%	22.4%	-13.7%
2008	-42.1%	-53.8%	11.7%
2007	50.5%	52.2%	-1.7%
2006	6.2%	-42.6%	48.8%
2005	60.9%	NA	NA

*MSCI Arabian Markets TR Gross USD Index launched in January 2006

**Performance figures are reflective of the period from November 26th, 2009 to December 31st, 2009

Fund Information

NAV per Share	USD 22.78
No. of Share Certificates	13,414,407
Launch Date	July 2, 1999
Listing	Dubai Financial Market
Structure	Open Ended
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.1%
Minimum Subscription	USD 10,000
Subscription / Redemption	Monthly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
ISIN (Class C shares)	BMG294042020
Sedol	0-675-970
Reuters Code	LP65037105
Bloomberg Ticker	EFGMEAF BH

Fund Characteristics

No. of Equity Holdings	32
Wtd. Market Cap (mm)	USD 8,879
P/E Ratio 10	9.5x
Beta	0.7
Information Ratio*	0.7
Standard Deviation*	18.1%

*Calculated vs. MSCI Arabian Markets Gross TR USD since index inception in January 2006

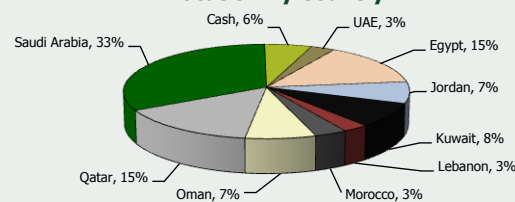
Asset Allocation

Equity	90%
Fixed Income	4%
Cash	6%

Top 5 Equity Holdings

Holding	Country	% of NAV
El Sewedy Cables	Egypt	5.3%
Sahara Petrochemicals Co.	Saudi Arabia	5.0%
Zain	Kuwait	4.6%
Orascom Telecom	Egypt	4.4%
Al Rajhi Bank	Saudi Arabia	4.2%

Allocation By Country



Allocation By Economic Sector

