

## Fund Manager's Strategy & Outlook

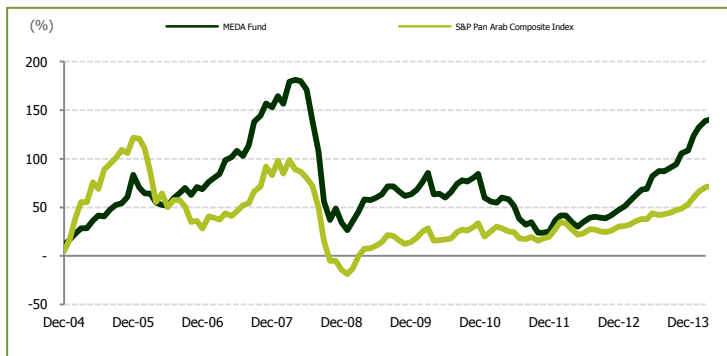
Regional markets with the exception of Egypt saw weak performance over the last period. The UAE bourses lost 4.3%, the Kuwaiti market dropped 1.0% and the Omani and Qatari markets were relatively unchanged. The Saudi market gained 1.6% while the Egyptian market was the best performing having rallied 5.1%

Emaar Properties announced its intent to list up to 25% of Emaar Malls Group on the Dubai bourse. The resurgence of IPO activity and improving liquidity are a major positive for investor sentiment. The Dubai market remains the top performer globally and has seen liquidity jump to over USD 520mn YTD compared to an average of USD 175mn during 2013 partly fueled by MSCI EM index inclusion. Liquidity has also increased in Qatar on back of the MSCI EM index inclusion and the increase of FOLs, however the market faces negative headwinds in the form of a corruption scandal related to the World Cup award. This has the potential to dampen sentiment across the board including the banking sector which is expected to finance the World Cup aimed projects.

Presidential elections were in the spotlight in Egypt once again as the candidates presented their plans to take the country forward into its next phase post the political upheaval. Elections were extended due to the lowest turnout yet and General Sisi has won an overwhelming 93% of the vote. The market awaits parliamentary elections and execution on the part of the new government. Violence continues to dampen efforts of recovery by the economy and the outlook on Egyptian assets remains uncertain but the new president can count on USD 15bn in aid pledged by Gulf countries. Negative headwinds for the equity market include a proposal to collect capital gains tax from foreigners of 10% with implementation pending

The Saudi market has a strong IPO pipeline that will provide further opportunities for investment in the healthcare and retail sectors amongst others. Politically Saudi Arabia has moved to normalize relations with Iran through an unexpected invitation for a diplomatic visit presented to the Iranians. The countries have clashed on their stances regarding the war on Syria and any move forward in terms of ending disputes will be seen positively. Negative headwinds have come in the form of the MERS virus that has the potential for decreasing religious tourism and retail spending if the situation were to worsen.

Turkey's Prime Minister Erdogan has come under the spotlight after corruption allegations against him have surfaced. However he has appeared to fight them off as the ruling governing Justice and Development party (AKP) gained a substantial victory in nationwide municipal local elections, which can be seen as a sign of Erdogan's popularity. The economy has handled the political crisis better than expected. Inflation is expected to peak during midyear and then soften in the second half of 2014 along with a recovery in the current account deficit and GDP growth at around 4%



As of April 28, 2014

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**	0.5%	0.6%	-0.1%
YTD	17.0%	15.7%	1.3%
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 28, 2014 and May 19, 2014

### Fund Characteristics

No. of Holdings	28
Weighted Market Cap	USD 12.9 billion
Average Dividend Yield*	2.4%
P/E Ratio 2014	14.8x

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

### Fund Metrics\*

Alpha	11.0%
Beta	1.0
Volatility	10.5%
Information Ratio	2.5

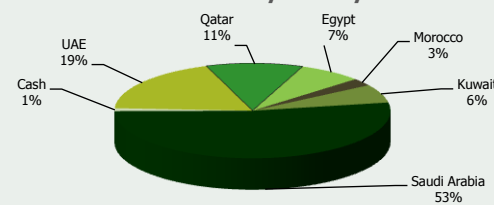
\*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29<sup>th</sup> December 2011

### Top Five Holdings

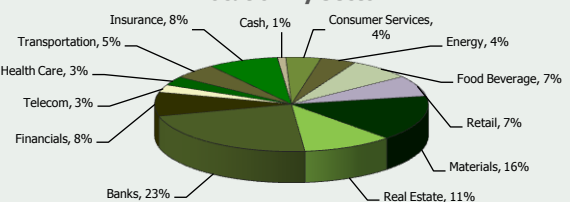
Holding	Country	% of NAV*
Bupa Arabia	Saudi Arabia	8.7%
Fawaz Al -Hokair	Saudi Arabia	7.2%
SABB	Saudi Arabia	6.8%
SA Basic IND	Saudi Arabia	6.5%
Damac Real Estate	United Arab Emirates	5.0%

\*Figures as of May 19, 2014

### Allocation By Country



### Allocation By Sector



### Fund Data

NAV per Share (Class A)	USD 33.84
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.4%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

### Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH