المجموعة المالية هيرميس
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The EFG-Hermes Middle East & Developing Africa (MEDA) Fund
October 2013

Fund Manager's Strategy & Outlook

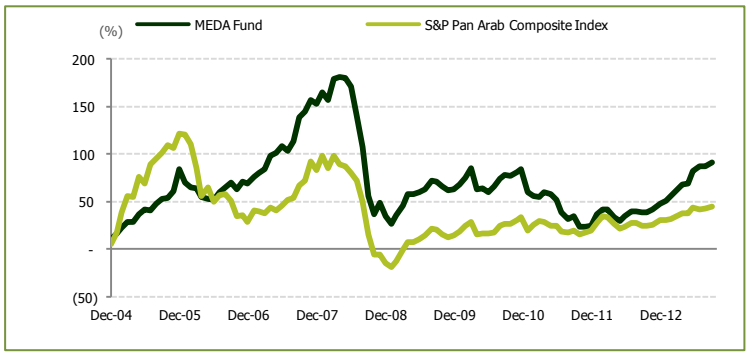
Regional markets were largely muted over the last month with Egypt outperforming the region having gained 10.0%. The Dubai bourse performed strongly reflecting a gain of 5.8%. The Doha market rose by 2.4% while the Saudi and Omani bourses gained 1.0% and 0.5% respectively.

President Obama signed a bill that ended the 16-day partial government shutdown and raised the debt ceiling creating a debt cushion that extends through February 7th, with current spending levels approved until January 15th. This has given the administration a few months of breathing room, but issues revolving around entitlement and tax reform continue to divide the two parties. With the narrow timeline until the next debt ceiling debate, an upcoming tapering program by the FED, and potential negative news flow on economic numbers, markets will prove to be volatile. The recent government shutdown is expected to have cost the economy USD 24bn and projected fourth-quarter GDP growth estimates have been revised downwards by over half a percentage point.

Egypt's debt has exceeded economic output for the first time since 2007, highlighting the need for economic reform to fuel growth. Debt rose to 105 percent of GDP in June. Recent data shows that Net International Reserves fell by USD119 million to USD18.6 billion in October as reserves continue to benefit from the energy supplies from GCC countries as part of the USD12 billion support package. This support has helped stabilize the currency in the short term and provided a boost to equity markets. Another positive event has been the arrival of a team from the IMF to Egypt at the end of October to discuss technical aid for a VAT system. This is the first time since June that an IMF team has met with Egyptian authorities in Cairo. However, social instability remains a factor as ex-President Morsi is set to start his trial in January which was already postponed due to unrest. The fund continues to selectively limit exposure to Egypt.

In the UAE the markets are awaiting the results of the 2020 World Expo bid which are set to be announced in November, and if Dubai is successful many recently announced new real estate and tourism projects could see accelerated implementation. Dubai's real GDP growth accelerated to 4.9% Y-o-Y in 1H2013 to USD46.1 billion, up from 4.0% in 1H2012. All sectors posted a higher economic performance in 1H13, especially wholesale and retail trade, which accounts 30% of total GDP. Q3 2013 results have been positive and largely reflected the improvement in economic fundamentals. The fund maintains its bias to the banking, logistics and real estate sectors in the UAE.

In Saudi short term concerns remain about the ability of the economy to cope with a large loss of labor force but the longer term view is that these outflows will be recycled back into the economy through legitimate channels while providing required employment to Saudis. Several new IPOs are upcoming providing new investment opportunities for the fund in the building materials and healthcare sectors.



As of October 28th, 2013

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**	2.0%	1.8%	0.2%
YTD	34.8%	19.3%	15.5%
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 30th, 2013 and October 28th, 2013

Fund Characteristics

No. of Holdings	28
Weighted Market Cap	USD 11.5 billion
Average Dividend Yield*	2.7%
P/E Ratio 2013	14.0x

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

Fund Metrics*

Alpha	12.0%
Beta	1.0
Volatility	11.0%
Information Ratio	3.0

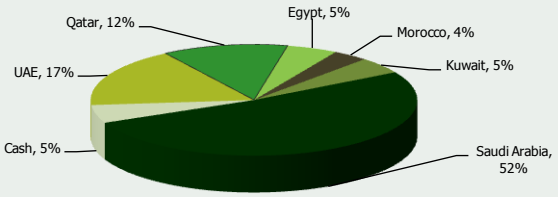
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

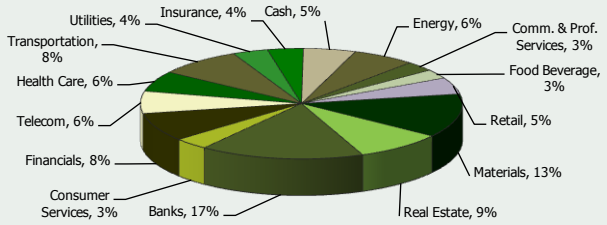
Holding	Country	% of NAV*
SABIC	Saudi Arabia	6.7%
Etihad Etisalat	Saudi Arabia	6.5%
Dubai Investments PJSC	United Arab Emirates	6.0%
United International Transport	Saudi Arabia	5.1%
Fawaz Abdulaziz Al hokair & Co.	Saudi Arabia	4.9%

*Figures as of October 28th, 2013

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 26.88
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.1%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH

This update does not constitute an offer of shares and should not be relied upon by any person acquiring or otherwise dealing in shares of the company. Subscription of shares in the company may only currently be made on the terms of the Placing Memorandum of the company. It should be noted that investment in the fund is only suitable for sophisticated investors who are aware of the risks of investing in The EFG-Hermes Middle East & Developing Africa (MEDA) Fund and should be regarded as long term. Please remember that past performance is not necessarily a guide to the future. Market and currency movements may cause the value of shares and the income from them to fluctuate and you may get back less than you invested when you decided to sell your share.