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

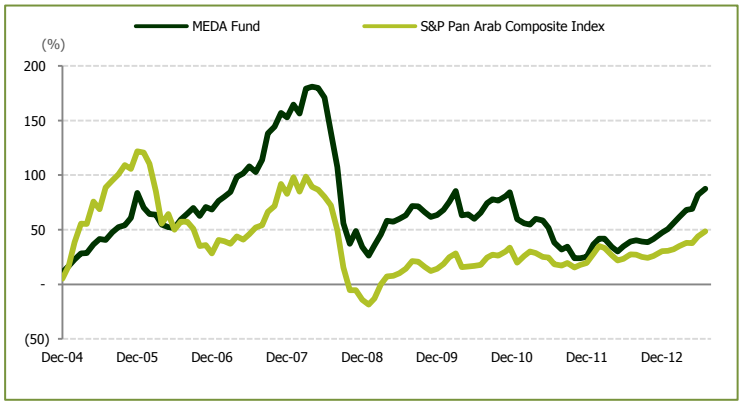
Fund Manager's Strategy & Outlook

In August, MENA markets retraced part of the gains experienced last month. The most resilient markets were Qatar and Egypt declining by 1% each, while the Saudi market dropped 2%. In the UAE, the Dubai and Abu Dhabi bourses declined by 3% each. Kuwait was hit the hardest as the market lost 5% over the course of the month.

Regional markets continue to outperform their emerging market peers which have had weak performance exacerbated by declining currencies. Growth forecasts across emerging markets continue to be downgraded and outflows of foreign capital is increasing. In contrast GCC markets continue to see fiscal surpluses on the back of high oil prices, expansionary infrastructure spending programs, and growing balance sheets. Sentiment remains very positive as the fundamentals are robust, earnings growth visibility exists, and governments continue to spend and create employment fueling domestic demand. The Saudi market alone has seen foreign inflows of USD 1.3bn YTD, of which USD 53mn came in during August, while total outflows out of emerging markets is close to USD 6.0bn this year.

In the near future the US Federal Reserve will taper the quantitative easing, generating higher real rates and a strong USD that further hurts EM capital accounts. The economic implications however for the GCC are limited. A different challenge to the region is the situation in Syria which has deteriorated significantly recently. We await a vote by U.S. congress on the confirmation and extent of an airstrike that may likely cripple the current regime. Retaliation by allies of Syria remains a very unlikely outcome although the markets will definitely face risk aversion in the face of this geopolitical uncertainty. An economic and political impact is likely to be felt most in Lebanon and Jordan that lie within immediate proximity of Syria; however we do not expect a political contagion in the wider MENA region. On the other hand we would likely see a spike in the oil price following any potential strike.

In Egypt, the trial of former President Mursi will add near-term risks over the transition period. The new government will face major hurdles in its attempt to bring about macro stability and energy subsidy reforms while pursuing an expansionary fiscal policy and maintaining social order on the streets. We expect volatility in the upcoming month as we go into Q3 results season early October which should reaffirm the strong fundamentals of the region.



As of August 26th, 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**	3.0%	3.1%	-0.1%
YTD	32.4%	17.9%	14.5%
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 July 29th, 2013 and August 26th, 2013

Fund Characteristics

No. of Holdings	26
Weighted Market Cap	USD 12.8 billion
Average Dividend Yield*	2.7%
P/E Ratio 2013	13.4x

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

Fund Metrics*

Alpha	13.0%
Beta	1.0
Volatility	11.4%
Information Ratio	3.1

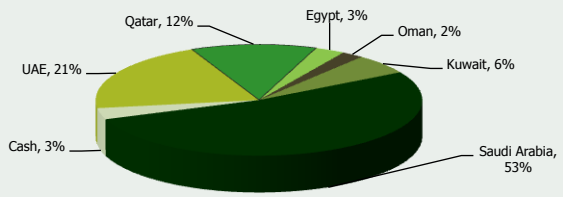
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

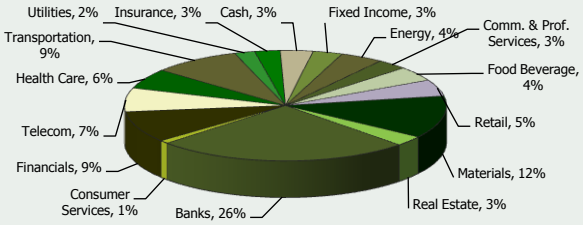
Holding	Country	% of NAV*
Dubai Investments PJSC	United Arab Emirates	7.6%
Etihad Etisalat	Saudi Arabia	7.0%
SABIC	Saudi Arabia	6.3%
Qatar National Bank	Qatar	6.2%
Saudi British Bank	Saudi Arabia	5.9%

*Figures as of August 26th, 2013

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 26.40
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.