The EFG-Hermes Middle East & Developing Africa (MEDA) Fund
September 2014

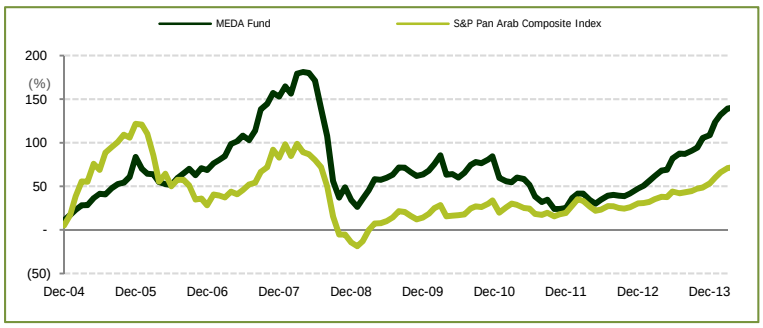
Fund Manager's Strategy & Outlook

September witnessed subdued performance across regional markets with Egypt being the top performer having gained 4.0%. The government announced its ambitious New Suez Canal project which will be dug alongside the existing canal and is slated for an accelerated completion. The project aims to expand trade along the fastest shipping route between Europe and Asia, boosting annual revenues to USD 13.5bn in 2023 compared to USD 5bn currently. The USD 8.5bn in funding for the project has been raised through the issuance of EGP denominated investment certificates to Egyptians yielding 12%. This has significantly increased the number of retail accounts in the banking system and also improved overall market sentiment pushing the index higher.

Across the other markets the Kuwaiti Index gained 3.0% over the month as the Omani, Dubai and Abu Dhabi markets gained 1.6%, 0.6%, and 0.5% respectively. The Qatari and Saudi bourses ended the month having dropped 0.2% and 0.8%. In Dubai the market witnessed the IPO of Emaar Malls Group which was oversubscribed 34x on the institutional tranche and more than 20x on the retail offering. Several new listing are anticipated on the Dubai bourse including Damac and Emaar's hotels division.

Sentiment on the real estate market has been strong as witnessed by the recently concluded Cityscape 2014 exhibition. However prices are showing signs of stabilization with average price growth falling from 6% Q-o-Q in Q2 to 1% in Q3.

The Qatar economy remains resilient with real GDP forecasted to grow 6.8% in 2014. New Central Bank lending restrictions will result in liquidity constraints that will impact balance sheet growth in the sector which has seen 6% in the first half. Banks will face increased cost of funding due to competition for deposits and compression of spreads is expected. In Saudi political risk has increased due to the activities occurring in Yemen however the impact has not been felt on markets which have benefitted from the news of the opening up of the equity market to foreign investors. A strong IPO pipeline in the second half includes the nation's largest lender by assets NCB, as well as other companies in the consumer and retail sectors which will increase the investable universe for the Fund. Over the course of the month the Fund took the opportunity to slowly build up its position in the Turkish market namely in the consumer and industrial sectors. Geo political tensions related to Syria are likely to cause negative headwinds in the short term; providing attractive entry levels.



As of September 29, 2014

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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%	-0.3%	-1.7%
YTD	31.1%	25.3%	5.8%
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 August 25, 2014 and September 29, 2014

Fund Characteristics

No. of Holdings	30
Weighted Market Cap	USD 10.1 billion
Average Dividend Yield*	2.4%
P/E Ratio 2014	15.9x

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

Fund Metrics*

Alpha	10.7%
Beta	1.04
Volatility	11.85%
Information Ratio	2.44

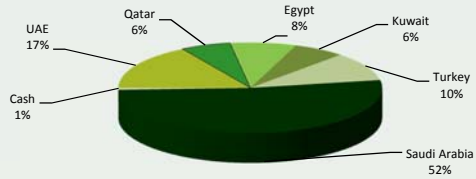
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

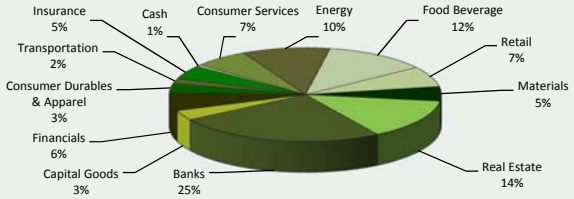
Holding	Country	% of NAV*
Fawaz Al –Hokair	Saudi Arabia	7.1%
Rabigh Refining and Transport Services	Saudi Arabia	6.7%
SABB	Saudi Arabia	6.6%
DAMAC REAL ESTATE	United Arab Emirates	6.1%
Eastern Tobacco	Egypt	5.4%

*Figures as of September 29, 2014

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 37.93
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.5%
Minimum Subscription	USD 10,000
Subscription / Redemption	Weekly

Fund Identifiers

ISIN (Class A shares)	BMG294041030
Bloomberg Ticker	EFGMEAF BH
Merrill Lynch Code	EFGAT

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.