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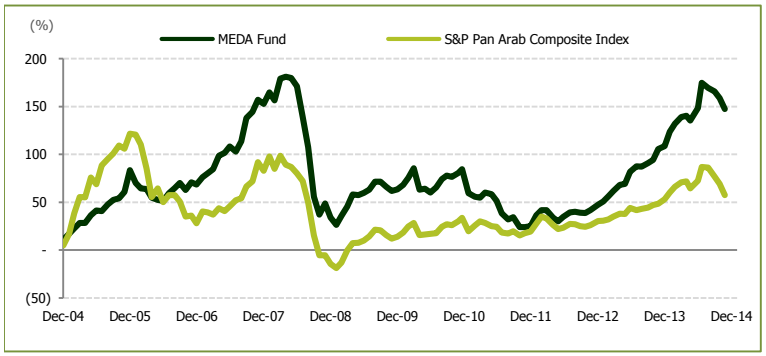
The EFG-Hermes Middle East & Developing Africa (MEDA) Fund
December 2014

Fund Manager's Strategy & Outlook

The last month of the year was characterized by heightened volatility across regional bourses on the back of the continued sharp selloff in crude prices. Brent crude slipped 27.8% during the month to close below the USD 60 level and is currently trading at USD 50 per barrel. The largest hits were taken by the UAE bourses as Dubai lost 14.9% and the Abu Dhabi bourse was down 8.5%. The Qatari and Kuwaiti markets dropped 8.2% and 6.0%, respectively, followed by the Saudi bourse which was down 5.8%. Regionally Egypt was an outperformer having lost 2.2% and Turkey stood out with a 1.0% gain over the month.

The market was eagerly anticipating the Saudi budget and its informal release earlier in the month helped push the Saudi index upwards. The total amount outlined for spending is at a record level of SAR 860bn up from SAR 855bn the previous year, and given commitments, including those to upgrade infrastructure, higher than budgeted spending can likely reoccur. Based on projected revenues of SAR 715bn, the Saudis have implied a budgeted oil price of just over USD 60bbl and the largest appropriation of SAR 217 has been made towards the education sector. The estimated budget deficit is easily financed through (i) reserves of approximately USD 750bn and (ii) the very low level of public debt which stands at just 1.6% of GDP. Saudi Arabia should be able to continue its spending with ease and follow its policy on diversifying its economy while creating further employment for citizens. The opening of the market is also another catalyst which should play a key role in 2015, and concerns on the health of the monarch may cause interim volatility. Dubai also announced it expansionary balanced budget with spending planned at pre-2009 crisis which indicates that the government is confident in meeting its preparations plans for the Expo2020. Total expenditure planned is up 8.7% Y-o-Y on the back of projected revenue growth of 11.3% Y-o-Y. The major economies of the region have displayed their commitment to support economic growth and a recovery in crude prices will enhance their ability to do so. The IPO market also remains active currently with Massar solutions launching its USD 157mn offering.

The Fund has continued on its trajectory of outperformance over the course of last year through stock selection which will become an even major component in 2015. Over the previous months the Fund has been repositioned into a more defensive and lower risk portfolio with a greater concentration in key themes and fundamentally attractive names. Exposure to the Saudi market has been reshuffled from the petrochemical names into the consumer, insurance and real estate sectors. Country allocations have also been changed in line with the strategy and the overall beta of the Fund has declined. The next determinate of market movement are the upcoming FY 2014 results.



As of December 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**	-4.3%	-6.9%	2.6%
YTD	20.4%	6.0%	14.4%
2014	20.4%	6.0%	14.4%
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 November 24, 2014and December 29, 2014

Fund Characteristics

No. of Holdings	25
Weighted Market Cap	USD 6.4 billion
Average Dividend Yield*	3.2%
P/E Ratio 2014	19.0x

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

Fund Metrics*

Alpha	13.8%
Beta	1.0
Volatility	12.5%
Information Ratio	2.7

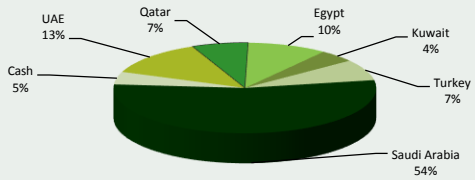
*Calculated vs. S&P Pan Arab Composite Large/Mid Cap Net TR USD since 29th December 2011

Top Five Holdings

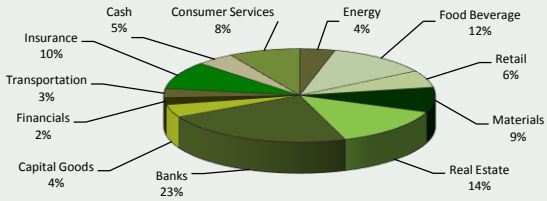
Holding	Country	% of NAV*
Eastern Tobacco	Egypt	7.4%
SABB	Saudi Arabia	6.9%
Al Khaleej Training and Education	Saudi Arabia	6.3%
Fawaz Abdulaziz Alhokair	Saudi Arabia	5.9%
Saudi Arabian Mining Company	Saudi Arabia	5.9%

*Figures as of December 29, 2014

Allocation By Country



Allocation By Sector



Fund Data

NAV per Share (Class A)	USD 34.85
Launch Date	July 1999
Management Fee	1.4%
Incentive Fee	15% over 10%
Expense Ratio	2.6%
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.