

## Investment Objective

The principal investment objective of the fund is long term capital appreciation through achieving the highest possible risk-adjusted returns.

## Investment Universe

- The fund invests principally in listed securities of companies that are established or doing a substantial part of their business in Egypt
- The fund is allowed to invest in listed securities in the MENA region up to 20% of the fund's Net Asset Value and based on the fund manager's outlook.

## Subscription/Redemption

- ≡ The fund offers weekly liquidity to investors.
- ≡ The valuation day for the fund is Monday of every week (subject to be a business day in Egypt, Bahrain & Bermuda).
- ≡ There is no Entry/Exit load applied by the fund manager.
- ≡ Minimum initial investment is USD10,000.
- ≡ Minimum additional investment is USD1,000.

## Fund Details

|                    |                      |
|--------------------|----------------------|
| Type of scheme     | Open Ended           |
| Inception date     | August 1996          |
| Share price        | USD 21.0             |
| Listing            | Irish Stock Exchange |
| Index of reference | EGX30 Cap USD Index  |
| Bloomberg Ticker   | EFGHEGY BH           |
| ISIN               | BMG2948Y1093         |

## Quantitative Data (Since Inception)

|                    |       |
|--------------------|-------|
| Standard Deviation | 26.6% |
| Beta               | 0.7   |
| Sharpe Ratio       | -0.1  |

## Fund Manager

|                    |                              |
|--------------------|------------------------------|
| Management Company | EFG Hermes Asset Management  |
| Fund Manager       | Nabil Moussa                 |
| Managing Since     | June 2012                    |
| Contact Person     | Ahmed Shalaby                |
| Telephone          | +20235356536                 |
| Mobile             | +201005407086                |
| E-mail             | ambusinessdev@efg-hermes.com |

## Fund Administrator

|                    |                            |
|--------------------|----------------------------|
| Fund Administrator | HSBC Middle East (Bahrain) |
| Contact Person     | Lohit Nayak                |
| Telephone          | +973 1756 9567             |
| Fax                | +973 1756 9574             |

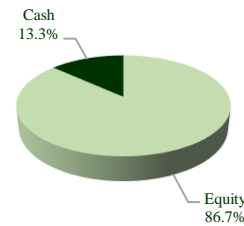
## Portfolio

### Performance Figures

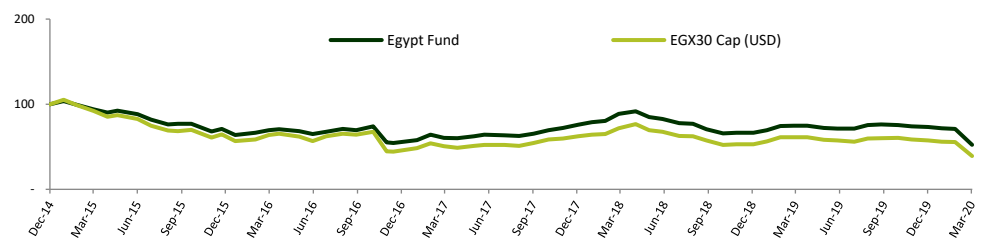
| Date            | Return |
|-----------------|--------|
| March 2020      | -26.4% |
| YTD             | -28.4% |
| 1 Year          | -30.1% |
| 5-YTD           | -44.3% |
| Since Inception | 174.6% |

\*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 15.1% in EGP but it was affected by the sharp currency devaluation as shown above.

### Asset Allocation



### Track Record Vs EGX30 Cap (USD)



## Market Outlook

### Market Commentary & Strategy

- ≡ The Egyptian Market main index EGX30 decreased by 31.2% since the beginning of 2020 and by 47.8% since April 2018 peak. The drop in local markets is in line with what is happening in emerging markets that dropped by 23.9% since the beginning of 2020 and by 33.3% since the peak of 2018.
- ≡ This market drop was mainly on the back of the following reasons: 1) The spread of corona virus and its expected impact on global economies amid fears of global recession, 2) The trade tension between the USA and China, and 3) The oil war impact on several emerging economies.
- ≡ As a result, we note that the Egyptian market is significantly affected by the performance of emerging markets especially in volatile periods whereby there are significant redemptions across the board, and several margin calls are triggered which adds additional selling pressure on the market.
- ≡ Finally, given that the global lockdown along with low energy prices will significantly hit global economies; we believe that equity markets will remain volatile for at least 3-6 months until global economies return to safe mode. We highlight that there is a huge upside potential in the medium term, and that we will currently concentrate our investments in sectors relying on Egypt's private consumption rather than external demand.

### Economic Updates

- ≡ The CBE Monetary Policy Committee (MPC) held an unscheduled meeting to cut overnight deposit and lending rates by 300 bps to 9.25% and 10.25% respectively implying total cuts of 950 bps since the beginning of the easing cycle in February 2018. The CBE stated that its decision aims to provide appropriate support to domestic economic activity given the current challenge in external environment, while maintaining its inflation outlook of 9.0% (+/- 3.0%) in 4Q 2020.
- ≡ Egypt Revises GDP Growth Forecast Downwards to 5.1% in FY19/20 and 4.2% in FY20/21
- ≡ The government announced reducing natural gas prices to USD4.5 per MMBTU for industrial users (mainly steel and cement), and USD5.5 per MMBTU for other heavy manufacturing industries. Moreover, reducing electricity prices for heavy manufacturing industries by EGP0.1 per KWh. This comes as a part of wider support plans that aims to stimulate industrial activity amid global pressure in light of the COVID-19 outbreak.
- ≡ Egypt's Net International Reserves inched upwards from USD45.46 billion to USD45.51 billion currently holding an import coverage ratio of 8.6x.
- ≡ Inflation dropped to 5.3% in February 2020 down from 7.2% in January driven by 0.9% YoY drop in food prices, mainly vegetables that fell by around 5% during the month.