

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 25.2
Listing	Irish Stock Exchange
Index of reference	EGX30 Cap USD Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.5%
Beta	0.7
Sharpe Ratio	0.0

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

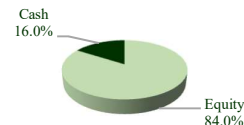
Portfolio

Performance Figures

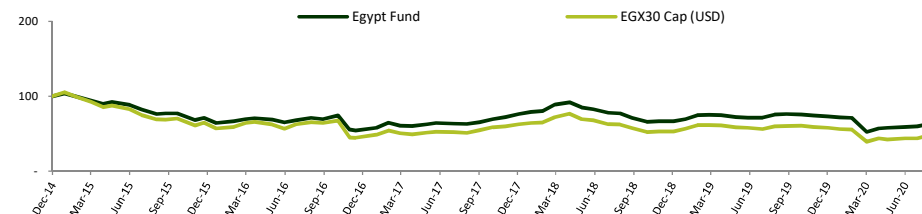
Date	Return
August 2020	5.5%
YTD	-13.9%
1 Year	-16.6%
5-YTD	-17.5%
Since Inception	230.3%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 67.5% 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 increased by 7.2% in EGP terms and 7.9% in USD terms during August significantly outperforming MSCI EM main index that increased by 2.1% only during August. We believe that this outperformance is normal given that Egypt is significantly lagging EM since the beginning of the year. We highlight that since the beginning of 2020, MSCI EM is down 1.2% while EGX30 is down by 18.6% in EGP terms and 17.7% in USD terms.
- ≡ The market was led by the industrial sector on the back of news that the government will cut natural gas prices for industrial players leading to an increase in the range of 15 – 25% among fertilizer, steel, and petrochemicals stocks in the market. Consumer and Health Care sector underperformed the market with key stocks like Juhayna ending the month in the opposite direction down 11.3% while Ibn Sina Pharma was down 5.6%.
- ≡ Despite of their negative performance over the past period, we believe that the real value in the Egyptian market lies in the following sectors: Banks, Health Care, Consumer Staples, e-payments, and education, and that eventually the value will be realized given that the previous sectors are more solid and have natural growth drivers in contrast to the industrial sector that constantly needs government support especially in time where commodity prices are down.

Economic Updates

- ≡ The CBE maintained overnight deposit and lending rates stable at 9.25% and 10.25% respectively in an expected move given that the CBE had previously cut rates by 300 bps in an emergency meeting as a preemptive move to support the economy amid the outbreak of COVID-19.
- ≡ The government announced that fiscal deficit narrowed to 7.8% of GDP in FY19/20 down from 8.2% in FY18/19 despite of COVID-19 crisis and its impact on economy. The government indicated that it achieved a primary surplus of 1.8% of GDP only 0.2% lower than its initial target, while public debt declined to 86.2% of GDP down from 90.4% a year earlier.
- ≡ Unemployment rate jumped to around 9.6% (two year high) amid the outbreak of COVID-19 and its impact on the economy. We highlight that unemployment was 7.7% at the end of March 2020 and jumped around 2% over the next quarter with the outbreak of COVID-19 and the lockdown imposed.
- ≡ The CBE announced that Egypt's foreign reserves inched upwards by around USD100 million from USD38.2 billion in June to USD38.3 billion in July. The slight increase was on the back of revaluing the bank's gold holdings reflecting rising global gold prices. We highlight that this is the first stable month post COVID-19 crisis that witnessed several foreign outflows from local treasuries, and later the government issuing a new Eurobond and taking an emergency loan from the IMF to balance its economy.
- ≡ Egypt's headline inflation slowed to 4.2% in July down from 5.6% in June, and showing the lowest figure over the past 8 months. The slowdown was driven by falling food prices dropping 1.6% YoY, while non-food inflation slowed down to 6.1% from 8.4% in June.