

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 24.0
Listing	Irish Stock Exchange
Index of reference	EGX30 Cap USD Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.4%
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
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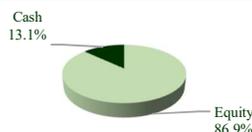
Portfolio

Performance Figures

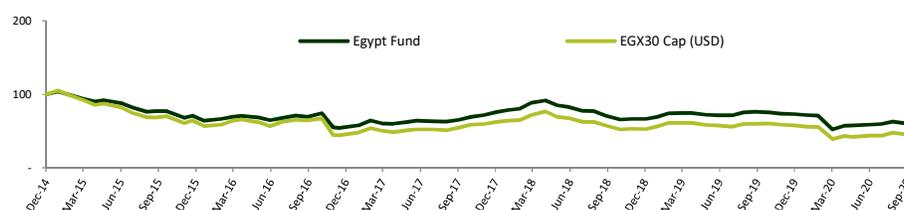
Date	Return
October 2020	-0.9%
YTD	-18.0%
1 Year	-20.5%
5-YTD	-22.2%
Since Inception	214.6%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 52.3% 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

- ≡ The EGX30 closed in October down 4.31% from the previous month. The bulk of the selloff emerged within the second half of the month with the bulk concentrated within the last week. The average traded value for the month remained flat m-o-m remaining at EGP1.1bn mark. The month started off with a retail led sell down, noticeable through EGX-70 performance. Over the course of the week EGX-70 had already lost 3.93%. Retail investors seem to be handing over their positions at discounts to peaks after making some hefty returns (March-October EGX-70 returned +40.35%).

Economic Updates

- IMF updates its 2020 growth forecast to 3.5% from 2.0% earlier, maintained 2021 forecast at 2.8%**
The fund lowered its unemployment forecast for 2020 to 8.3% from 10.3% earlier. It also expects the current account deficit to reach 3.2% in 2020 vs. the previous estimate of 4.3%.
- Foreign holdings of Egyptian T-bills continue to edge up for third consecutive month**
Foreign holdings of treasury bills increased to USD13.3bn in Aug-20 vs. USD10.8bn in Jul-20.
- Net International Reserves reached USD39.2bn at the end of October 2020**
We attribute the USD0.8mn increase in the total figure mainly on foreign portfolio inflows
- September PMI at 50.4 vs 49.4 in August**
New business growth accelerates to the fastest rate in over five years and slowest drop in employment in ten months.

On the Corporate front

- Juhayna reported 3Q20 earnings of EGP152mn, up 36.5% y-o-y, the jump in earnings was primarily driven by: i) lower net finance expenses (-58.4% y-o-y to cEGP34mn), ii) resilient margins, despite the lagging revenue trends and higher promotions offered. This more than offset: i) the unforeseen end of service bonus booked of EGP28mn, as the company is strategically laying off some employees (c200), to enhance efficiencies, ii) higher-than-expected other expenses of cEGP34.6mn (vs. cEGP25mn in 3Q19), pressured by a hike in impairments and provisions of cEGP20mn booked in 3Q20 (vs. cEGP5.8mn in 3Q19), as well as capital losses of cEGP6mn (vs. nil in 3Q19), coupled with iii) a plunge in other operating income to cEGP3.4mn (vs. cEGP24.5mn in 3Q19), coming from a high base, due to booking nil capital gains (vs. cEGP11mn in 3Q19) and export subsidy proceeds (vs. cEGP4mn in 3Q19). Excluding the one-off capital gains (losses), as well as the end of service bonus, normalized earnings would have surged c85% y-o-y to EGP186mn. Management expects the resilient GPM to sustain throughout 2020, should the EGP:USD remain constant, thanks to negotiating its suppliers' annual contracts with favorable terms.
- September retail pharmaceutical market sales rise c14% y-o-y; 3Q20 up 7.4% y-o-y. We view such news positively, solidifying our positive stance on the sector, despite the challenging environment, coming in favour of Ibsina Pharma given the drug distributor is a straight proxy to the market.
- CIRA outlined that the total number of students enrolled for FY20/21 witnessed a healthy growth of 10.3% y-o-y to 40.7k students, thanks to the widened student base across both segments. The higher education segment held the lion's share of the hike, with a c23% y-o-y increase to 12.8k students. Management flagged that the four new faculties opened their admission doors for the fall semester 2020/21 are witnessing strong traction from the first admission announcement. Separately, construction of BUC's new branch in Assiut is on track, where the company commenced the digging activities for phase one last month. Meanwhile, the K-12 segment exhibited a 5.3% y-o-y rise to c27.9k students, implying c90% utilization. CIRA's extensive progress in the construction of the Regent British School in Mansoura has paid off, with the school set to kick off in FY20/21, with c100 students implying a utilization rate of c10%.