

Fund Manager's Strategy & Outlook

During the month of April the market was able to recover most of the losses it suffered during the previous month. The main drivers of the recovery were the local retail and institutional investors, hunting for bargains after stock prices had dropped to attractive levels. The main beneficiaries of the recovery were the small and medium cap stocks. The fund was able to outperform the HFI index over the month with returns of 3.1%, compared to 2.9% for the index.

The telecom sector dominated the companies' news over the period with Global Telecom in the spotlight. The company was finally successful in selling 51% of its Algerian subsidiary Djezzy to the Algerian National Investment Fund for USD2.6billion. While most of the cash proceeds will be used to pay outstanding loans, the sale of Djezzy was a cause of a relief for investors, driving the stock price 15% higher by month end. Moreover, the company announced that its Pakistani subsidiary Mobilink was one of the winners of the 3G spectrum license auction with total investment cost of USD300.9million, valid for 15 years. On the real estate front, Medinet Nasr Housing reached an initial agreement with the Ministry of Housing to extend infrastructure works worth EGP650 million on its KM45 project. Furthermore, the Egyptian Stock Exchange (EGX) approved the company's request to increase its issued and paid-in capital from EGP135.0million to EGP155.0million through the distribution of 20 million bonus shares. As for Eastern Tobacco, the company signed a five year agreement with Al Mansour Company for Trading & Distribution to manufacture cigarettes for Imperial Tobacco Group, adding approximately EGP48 million per annum to its top line.

As for developments on the economic level, the Central Bank of Egypt (CBE) said that it had covered the entire backlog of dollars owed to foreign investors seeking to repatriate funds from the country. Moreover, it maintained interest rates unchanged to limit any upside inflation risk. Meanwhile, annual urban inflation remained unchanged at 9.8% during the month of March. As for net international reserves (NIR) it saw an increase of USD107 million to reach USD17.4 billion in March 2014 on the back of a 1.5% increase in foreign currencies over the month.

The fund manager will maintain the stable exposure level on the diversified stock portfolio for the coming period, with continued focus on consumer stocks. The fund manager is monitoring the outcome of the presidential elections coming up towards the end of May 2014.

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Objective

The principal objective of the fund is long term capital appreciation through investing in Egyptian equity and equity-related securities.

Fund Performance

Returns	Egypt Fund
Month to Date	3.1%
Year to Date	15.3%
2013	16.7%
2012	46.4%
2011	-53.6%
2010	8.5%
2009	12.8%
2008	-46.2%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 38.7
Launch Date	August, 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Minimum Subscription	USD 10,000
Subscription/Redemption	Weekly

Fund Identifiers

ISIN	BMG2948Y1093
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15
Bloomberg Ticker	EFGHEGY BH

Fund Characteristics

No. of Holdings	22
Beta	0.8
Sharpe Ratio	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.8%
Global Telecom	Telecom.	11.1%
T M G Holding	Real Estate	9.5%

Allocation By Economic Sector

