

### Fund Manager's Strategy & Outlook

The Egyptian market increased by 3.3% during April 2016 raising the overall YTD positive performance for the EGX30 to 11.0%. Local investors remained sellers during the month by EGP801 million while foreign and Arab investors were net buyers by EGP664 million and EGP137 million accordingly. The EFG-Hermes Egypt Fund gained 1.6% during the month versus 3.3% for the HFI Index.

The Egyptian Financial Supervisory Authority announced freezing OTMT acquisition of CI Capital due to 1) an appeal between the minority shareholders in CI Capital and the CIB, and 2) Mr. Naguib Sawiris, major shareholder of OTMT, must settle earlier violations related to OTMT's restructuring. The CIB later announced that a final verdict has been reached in the minority shareholders appeal, and that they approved granting OTMT an extension to settle the restructuring process with EFSA. On a separate note, Global Telecom announced that its wholly owned subsidiary, GTH Finance, has priced USD500 million bond at 6.25% due at 2020, and USD700 million bond at 7.25% due 2023. Both tranches are guaranteed by Vimpelcom for a guarantee fee of 3.0% per annum. Global Telecom will use the proceeds of both bonds to repay the shareholder loan from Vimpelcom, and will result in annual cost savings of around USD32 million. Domty's BOD approved increasing its paid-in capital by around EGP300 million capital injection. The capital increase is to be subscribed by the beneficial shareholders of the company and the proceeds will be mainly used to finance domestic distribution investments and capturing potential opportunities in Africa. Juhayna released 1Q2016 results indicating 27.5% growth in sales reaching EGP1.10 billion. The company's major lines of business witnessed decent growth with Dairy segment increasing 12.5% to EGP549 million, Yogurt segment increasing 18.3% to EGP238 million, and the Juice segment surging by 61.8% reaching EGP235 million. However, this growth was accompanied by much higher SG&A in addition to selling expenses leading to EBITDA margin contraction from 20.0% in 1Q2015 to 16.9% in 1Q2016. The company's investment income from the sale of Milky's in addition to higher export rebates and interest income along with lower effective tax rate led to 59.5% increase in net income from reaching EGP103.9 million implying an improved net margin of 9.4%.

On the economic front, UAE announced an aid package to Egypt amounting to USD4.0 billion, of which USD2.0 billion will be kept as a deposit with the Central Bank of Egypt, and the remaining USD2.0 billion will be invested in developmental projects. We believe that the USD2.0 billion deposit is going to be mainly allocated to repaying the USD1.0 billion deposit to Qatar and the USD700 million Paris Club installment both due in 2H2016. Egypt also signed several economic agreements with Saudi Arabia in the fields of electricity, trade and manufacturing in addition to real estate. Moreover, a new SAR60 billion investment fund will be established between both countries and both countries agreed to construct a bridge over the Red Sea connecting the two nations in order to facilitate trade and transportation between Egypt and Saudi Arabia. Egypt's Net international Reserves slightly inched up to reach USD17.0 billion at the end of April 2016. Inflation decreased to 9.0% in March 2016 signaling the third consecutive monthly drop since the hike of 11.1% in December 2015. However, the drop in inflation in the same month the government devalued its currency by around 14% implies that a lot of goods and services were already priced with the black market rate.

The fund manager slightly reduced the equity exposure level for the fund mainly trimming the high beta names and fully valued stocks post the recent market upward movement. Nevertheless, the fund manager will keep core investments in the diversified asset allocation between defensive and consumer stocks and undervalued high beta and real estate names.

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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 *	1.6%
Year to Date	-0.54%
2015	-29.1%
2014	19.5%
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%

\* MTD figures reflect performance between March 28, 2016 and April 18, 2016

### Fund Information

NAV per share	USD 28.3
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	28
Beta	0.8
Sharpe Ratio	0.06

### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	15.2%
Eastern Tobacco	Personal & Household	9.9%
Talaat Moustafa Group	Real Estate	6.8%

### Allocation By Economic Sector

