

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 30.0
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.5%
Beta	0.8
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
April 2019	-0.1%
YTD	12.5%
1 Year	-18.6%
5-YTD	-22.6%
Since Inception	292.3%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 90.3% in EGP but it was affected by the sharp currency devaluation as shown above.

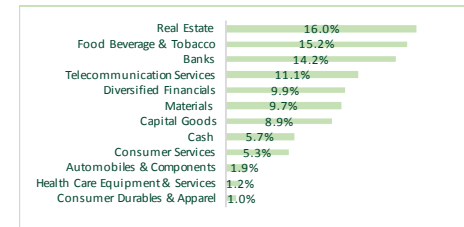
Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt SAE	Banks	11.8%
Eastern Co SAE	Food Beverage & Tobacco	10.1%
Egypt Kuwait Holding Co SAE	Materials	8.2%
Global Telecom Holding SAE	Telecommunication Services	8.2%
Talaat Moustafa Group	Real Estate	7.2%

Performance Contributors (Monthly)

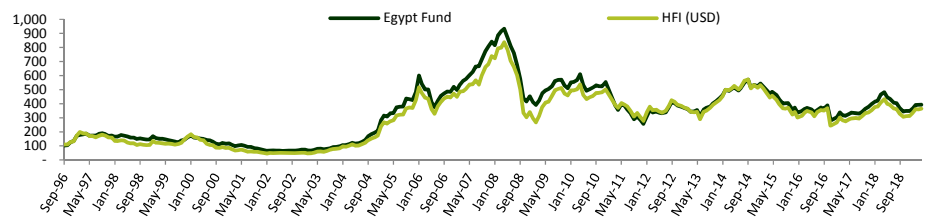
Stock Name	Sector
Commercial International Bank Egypt SAE	Banks
Heliopolis Housing	Real Estate
Cairo Investment & Real Estate Development Co SAE	Consumer Services

Sector Allocation*



* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary

- EGX30 advanced in April by 1.2% in EGP and 2.3% in USD, bringing YTD performance to 14.5% in EGP and 19.5% in USD. The increase was mainly a reflection of the CIB that increased by 10.1% during April given its weight of around 35% in the index.
- On the other hand, EGX30 Capped index lost in April 1.8% in EGP and 0.8% in USD, recording YTD performance of 10.7% in EGP and 15.6% in USD.
- Foreign institutions turned net buyers for the first time in 2019 ending the month with net buying position of EGP345 million. Local and Arab institutions were also net buyers in April with net positions of EGP217 million and EGP132 million, respectively, leaving retail investors as the only net sellers in the market.
- CIRA and Cleopatra were outperformers in April 12.7% and 8.4% respectively due to high foreign interest in education and healthcare sectors
- CIB also increased by 10.1% on the back of strong foreign interest in line with the emerging markets
- Ezz steel underperformed by 11.7% on the back of weak global steel prices in addition to the company high leverage
- Palm Hills and Qalaa Holding were also underperformers by 10.7% and 10.2% respectively due to strong selling in April by retail investors triggering margin calls that pressured both stocks

Economic Update

- IMF Delegation to Visit Cairo for the Final Review of the Economic Reform Program.
- Egypt's Current Account Deficit Increases by 8.9% to USD3.85 Billion in 1H18/19
- Fitch upgraded Egypt's rating to 'B+' from 'B' with a stable outlook, while Moody's upgraded Egypt's rating to "B2" from "B3" with a positive outlook.
- Net International Reserves Flat at USD44.2 Billion
- Inflation drops to 13.0% in April from 14.2% in March

Strategy

- The EGX 30 index increased by 14.5% from the beginning of the year till the end of April. This increase was accompanied by an overall positive performance across emerging markets in addition to the fact that the CBE resumed its expansionary policy through cutting overnight rates by 1% in February. Finally, investors were more optimistic about the resolution of VEON Telecom dispute with the Tax Authority following the company's decision to submit a new tender offer to acquire minorities stake in Global Telecom Holding.
- This uptrend has been reversed in May with the market declining 8.4% during the first half of May thus reducing the YTD gains to 4.8%. This decrease was mainly given the delay in the execution of Veon to acquire the minorities of Global Telecom, which affected the liquidity of the market especially among local investors. Moreover, the resurfacing of the trade war between the US and China weighed down on emerging markets thus increasing the negative sentiment around the local market.
- We believe that Egypt's economic status is still positive in light of the government commitment to its reform program, which gives positive indication for our future outlook for the stock market. We highlight that Egypt will be affected by what is happening in the emerging market and the impact of the trade war on investor sentiment, yet we believe Egypt that Egypt although will move in the same direction, yet should be among the outperformers in Emerging markets due to the following:
- Continuous improvement in economic indicators with Egypt achieving primary budget surplus for the first time in 15 years in addition to achieving GDP growth in the range of 5.5% to 6.0% in the next fiscal year.
- The rationalization in oil prices improves Egypt's budget outlook and gives the government more freedom in adjusting the subsidies and reducing the overall budget deficit.
- The CBE resumed its expansionary policy that started in 2018 but paused due to emerging market conditions, through cutting deposit and lending rates by 100 bps. Market is expecting another 200 bps cut during 2019 yet will be implemented towards the end of the year post absorbing the next energy price hike expected in July.
- Finally, we highlight that if the offer of VEON Telecom to acquire minorities of Global Telecom is APPROVED by the regulator, this will result in expected proceeds in the range of EGP7.9 billion (USD450 million) to be reinvested in the market leading to decent inflows relative to the market average liquidity.

*EX30 Capped was published recently by Egyptian stock exchange to measure the performance of the most traded companies in accordance with the rules set for mutual funds. Constituents are capped quarterly so that the weight of each constituent will not exceed 15% of the total weight.