

### Fund Strategy & Outlook

The Egyptian market showed a 2.2% increase during August 2016 raising EGX30 YTD positive return to 16.4%. Local and Arab investors were net buyers during the month by EGP466 million and EGP107 million, respectively, while foreign investors were net sellers by EGP573 million. The EFG-Hermes Egypt Fund gained 5.1% during the month versus 4.1% for the HFI Index.

El Sewedy Cables released its 1H2016 results showing 4.8% decrease in operating revenues amounting to EGP10.55 billion. The decline was mainly due to 25.9% drop in revenues from turnkey projects to EGP3.39 billion. However, the company was focusing on more profitable turnkey projects along with tight cost control which allowed them to improve consolidated gross profit by 34.5% to EGP2.41 billion. Moreover, the company's net income increased by 141% to EGP1.63 billion mainly on the back of 1) FX gain of EGP193 million and 2) effective tax rate reduction from 28.3% in 1H2015 to 19.2% 1H2016. On the telecom front, Global Telecom announced its operating revenues for 1H2016 which dropped by 1.4% to USD1.4 billion. However, the company's EBITDA increased by 5.3% reaching USD644 million, which was mainly due to improvement in the profitability of its operations in Pakistan and Bangladesh. Telecom Egypt released 2Q2016 results recording 9.0% growth in revenues valued EGP3.3 billion. Net income also came in at EGP1.04 billion posting 175% growth. Furthermore, Sidi-Kerir announced 1H2016 results reporting 17.4% drop in EBITDA from EGP541 million to EGP410 million. This decline was mainly due to the increase in the company's COGS because of higher natural gas prices. However, the government's decision to cut tax rates limited the decline in net income to 2.9% from EGP422 million to EGP410 million. On the real state front, Six of October Development (SODIC) has reported its positive financial results for 2Q2016 indicating an increase in revenues reaching EGP435 million compared to EGP301 million in 2Q2015 and net profit also rose by 38.6% reaching EGP97 million. The company also reported strong net-contracted sales with EGP1.2 billion. Madinet Nasr Housing also released its 2Q2016 financials posting 30.0% increase in net income reaching EGP76 million. Net contracted sales also grew 26.0% compared to last year reaching EGP289 million.

On the economic front, The Parliament announced its approval on the VAT law. The VAT rate shall be 13% for the remaining of FY16/17 and increase to 14% starting FY17/18. The government is aiming to receive around EGP32 billion annually from the new VAT law. Egypt is currently awaiting the decision of the IMF executive board on the three years USD12 billion IMF loan, which is expected to be announced in their next meeting in September 2016. The government also announced raising electricity prices by a range of 25%-47% on residential and commercial use based on their consumption, in order to decrease around EGP30 billion of Electricity Subsidies. Moreover, the country received the USD1.0 billion second tranche of the USD2.0 billion loan pledged from the UAE. Egypt's Net international Reserves declined by 11.5% to reach USD15.54 billion at the end of July 2016, the drop was mainly on the back of external debt repayments. Annual headline inflation remained at 14% since June 2016, which is the highest level reached in the past seven years.

The fund manager awaits further developments on the IMF loan front, accordingly, we remain our cautiously optimistic stance on the Egyptian market. The fund manager will also maintain his dynamic stock selection and diversity of equity exposure to benefit from anticipated market movements over the coming period.

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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 *	5.1%
Year to Date	0.2%
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 July 25, 2016 and August 29, 2016

#### Fund Information

NAV per share	USD 28.5
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	27
Beta	0.8
Sharpe Ratio	0.07

#### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	15.3%
Eastern Tobacco	Personal & Household	11.6%
Global Telecom Holding	Telecommunications	7.9%

#### Allocation By Economic Sector

