

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 30.85
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.7%
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
August 2018	-0.9%
YTD	1.2%
1 Year	22.7%
5-YTD	8.6%
Since Inception	303.8%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 179.1% in EGP but it was affected by the sharp currency devaluation as shown above.

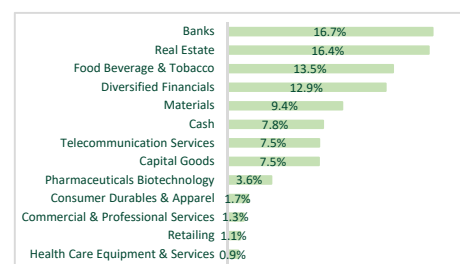
Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt	Banks	13.0%
Eastern Tobacco	Food Beverage & Tobacco	9.1%
Talaat Moustafa Group	Real Estate	7.9%
Egypt Kuwait Holding Co	Diversified Financials	6.7%
Six of October Development & Investment	Real Estate	5.2%

Performance Contributors (Monthly)

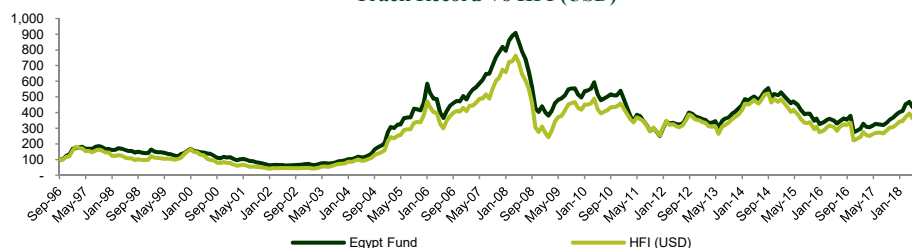
Stock Name	Sector
Talaat Moustafa Group	Real Estate
Juhayna Food Industries	Food Beverage & Tobacco
Credit Agricole Egypt SAE	Banks

Sector Allocation



* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary

- EGX30 increased during August 2018 by 2.8% in EGP and 2.9% in USD terms post the drop in the past three months, bringing YTD performance to a positive 6.6%.
- The average daily turnover has dropped for the fifth consecutive month amounting to EGP0.70 billion compared to EGP1.87 billion in March
- Oil related stocks outperformed with Abu Qir Fertilizers (20.1%) post its inclusion in FTSE with passive flows USD9.0 million and Citadel (11.1%) on the back of Citadel is increasing its stake in ERC
- The underperformer this month was Palm Hills (18.0%) due its highly leveraged balance sheet. Cement sector and consumer discretionary also dropped during the month.
 - Foreigners were net buyers by EGP150 million, locals and Arab investors were net sellers by EGP82 million and EGP67 million respectively.

Economic Update

- The CBE Monetary Policy Committee (MPC) held overnight rates at 16.75% (deposit) and 17.75% (lending) given the impact of subsidy cuts on inflation
- Tourism revenues jumps in 1H18 to reach USD4.8 billion a growth of 77% from 1H17
- Moody's upgrades outlook on Egypt from stable to positive. The decision was based on the improvements in the economic and business environments as a result of the ongoing economic reform program
- Net International Reserves stood at USD44.4 Billion as of August 2018
- Inflation rate rose to 14.2% in August from 13.5% in July 2018.

Strategy

- The market dropped by 17.3% from its peak of 18,363 point reached in April to a low of 15,186 in July thus losing more than 90% of the gains achieved in the first 4 months of the year. The drop was on the back of emerging market outflows in addition to the CBE pausing its easing policy in light of higher oil prices leading to some inflationary pressures. The market started to rebound again and August was a positive month with the index advancing to 16,009 point leading to 6.6% positive YTD performance. We believe that the remaining period of the year will be better on the back of the following:
 - o Egypt is on track applying strong economic reform program that is supported by the IMF leading to strong growth potentials.
 - o We believe that inflationary pressures will be absorbed and that the CBE will return to its easing cycle by the end of 2018.
 - o Strong pipeline of IPOs (Governmental and Private) expected to be offered in the market leading to strong inflows in the stock market.
- As a result, we are concentrating our investments in companies with strong balance sheet that allows them to utilize available opportunities in a growing economy.