

Fund Manager's Strategy & Outlook

Political and economic factors were the main drivers for the market once more during the month of December. The Central Bank of Egypt "CBE" defied expectations by cutting interest rates by 50 basis points which came as a pleasant surprise for the equity market. Moreover, the completion of the constitution draft with the dates of the public referendum announced gave further confidence to investors. The fund continued to outperform the market with year to date returns of 16.7% versus 11.4% for the HFI.

On the companies' front, the market witnessed mixed news during the month of December 2013. El Sewedy Electric announced its 3Q 2013 results, with net income coming at EGP46 million, showing a year on year increase of 31%. The company is moving to finalize an acquisition deal for National Extrusion and Manufacturing of Metal, while the company's CEO stated his expectations of landing a number of infrastructure projects in Egypt. As for the telecom sector, Telecom Egypt signed a cooperation agreement with Al-Futtaim Real Estate to supply the Cairo Festival City project with telecommunications, data transfer, and triple play services. Meanwhile, Djezzy, the Algerian subsidiary of Global Telecom, has received final approval for the 3G license in Algeria as well as the needed equipment to build the network. On the petrochemicals front, Sidi Kerir announced that the company has received approval for the establishment of a new ethylene project. The new project is estimated to have an investment cost of USD150 million and an incremental capacity of 150,000 tons per annum, which would bring the company's total ethylene capacity to 450,000 tons per annum.

On the economic side, the government announced increasing its second stimulus package by 25% to EGP30 billion, to be introduced in January 2014. Moreover, the Central Bank of Egypt "CBE" decided to cut its rates by 50 basis points, in a move to continue stimulating the economy. Net International Reserves fell by USD824 million in November to reach USD17.8 billion after the CBE had repaid Qatar USD 500 million in deposits. Furthermore, annual headline inflation jumped to 12.9% from 10.5% a month earlier due to increase in purchasing power as monetary policy is significantly eased, as well as, a hike in butane gas prices.

Given the current economic and political climate, with the constitutional referendum scheduled in January 2014, along with the second economic stimulus plan, the fund manager will maintain the fund's relatively high equity exposure over the coming period. The fund's holdings are positioned to benefit from the upcoming political and economic milestones.

EFG-Hermes Asset Management

Tel: +20 2 3535 6528 / Fax: +20 2 3537 0924
 E-mail: AMsales@efg-hermes.com

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	5.4%
Year to Date	16.7%
Q4 2013	15.7%
Q3 2013	21.0%
Q2 2013	-8.6%
Q1 2013	-8.9%
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 33.6
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	21
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.7%
Global Telecom	Telecom.	14.7%
Telecom Egypt	Telecom.	9.7%

Allocation By Economic Sector

