

Fund Manager's Strategy & Outlook

The market took another downward drift during the last month of the year after showing slight recovery in the previous month. The decline was due to correlation with MENA markets which were affected by the sharp decrease in oil prices. The fund outperformed the HFI index by 2.0% during the month and closed the year with a strong 19.5% in net returns.

Company news during the month of December 2014 were focused on new investments and budget announcements. On the real estate front, Six of October for Development and Investment Company (SODIC) announced that it will invest a total EGP13 billion over the coming five years of which EGP2 billion will be allocated in 2015 towards its West Town project and developing the company's project in New Cairo. Following suit, Palm hills Developments Company announced a target investment of EGP1.7 billion in 2015 across its projects. Several companies also announced their outlook for 2015 with Telecom Egypt announcing 5% expected annual growth in revenue and a target CAPEX for the year of 18% of revenues, while Sidi-Kerir Petrochemicals announced its 2015 plan which targets EGP3.1 billion in revenues and EGP944 million in net profit. As for a longer term outlook, Oriental Weavers announced a five year plan aiming at increasing its woven rug capacity by 50% and its yarn productions by 100% through establishing two new woven rug plants by 2017 and 2020 and a yarn production facility at a total investment cost of EGP1.17 billion.

On the economic front, Fitch Ratings upgraded its outlook on Egypt from negative to stable. The upgrade came on the back of improved political stability over the past year. Total government expenditures for the FY2013/2014 reached EGP701 billion of which EGP228 billion were spent on subsidies, while total revenues reached EGP457 billion with tax proceeds contributing EGP260 billion. Tourism revenues jumped 112% year-on-year reaching USD2 billion in 3Q2014 on the back of positive improvements in the political situation. Annual headline inflation reached 10.13% in December 2014 compared to 9.09% in November 2014.

With a positive stance towards the market, the fund manager maintains his high equity exposure for the coming period. The fund's core investments will remain focused in stocks offering long-term appreciation while building up positions in selective stocks that are expected to benefit from low oil prices.

EFG-Hermes Asset Management

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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	19.5%
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%

Fund Information

NAV per share	USD 40.1
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	22
Beta	0.8
Sharpe Ratio	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	17.8%
Global Telecom	Telecom.	9.5%
T M G Holding	Real Estate	9.1%

Allocation By Economic Sector

