

Fund Manager's Strategy & Outlook

The market closed the year with the highest monthly increase since the beginning of 2015. The positive thrust was expected given the attractive prices after the market was severely hammered during the previous months. The EFG-Hermes Egypt Fund gained 4.1% during the month bringing its year to date performance to -29.1% versus -33.7% for the HFI Index.

The market closed the year with mixed news on the companies' front. Commercial International Bank (CIB) completed the sale of its 45% stake in Commercial International Life Insurance (CIL) to the French insurance company AXA for EGP763m. On the same note, Orascom Telecom Media and Technology submitted a non-bidding offer to CIB to acquire 100% of its investment banking arm, CI Capital for EGP1.0 billion. This transaction is expected to generate a pre-tax capital gain of EGP570 million for CIB. On the telecom front, Telecom Egypt announced its annual target for 2016 expecting a 7-9% increase in its revenue while maintaining an EBITDA margin at around 30%. El Sewedy electric reported positive results for 3Q2015 with net profit jumping to EGP285 million compared to EGP95 million in 3Q2014. This came on the back of improving operating income and lower provision compared to last year. In addition, the company's backlog reached its highest level standing at EGP14.2 billion at the end of the quarter. The company also announced that its share of the development of six substations in partnership with Siemens is EGP233 million and the project is expected to start in August 2016.

On the economic front, the country's GDP accelerated to 4.5% in 4Q2014/2015 compared 3.8% a year earlier. The government announced a target GDP growth for the fiscal year 2015/2016 of 5.0% - 5.5%. The Central Bank of Egypt (CBE) announced holding exceptional FX auctions in the coming month to clear imports backlog noting that the CBE already paid USD547.2 million to clear all foreign portfolio investors backlog. However, Net International Reserves stabilized at USD16.4 billion by the end of November 2015. It is worth mentioning that the Monetary Policy Committee (MPC) at the CBE increased the overnight deposit and lending rates by 50 basis points to 9.25% and 10.25% respectively in an attempt to counter inflationary pressures.

The fund manager will opportunistically utilize potential investment opportunities over the coming period while maintaining the diversified mix between defensive and consumer stocks and undervalued high beta and real estate names. The manager is cautiously optimistic about the prospects of the Egyptian market bearing in mind the spillover effect from the regional and global markets.

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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 *	4.1%
Year to Date	-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 November 30, 2015 and December 21, 2015

Fund Information

NAV per share	USD 28.4
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	26
Beta	0.8
Sharpe Ratio	0.03

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.8%
Eastern Tobacco	Personal & Household	9.7%
T M G Holding	Real Estate	7.5%

Allocation By Economic Sector

