

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 26.6 |
| 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 | ambusinessdevg@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 |
|-----------------|--------|
| December 2018 | 0.0% |
| YTD | -12.6% |
| 1 Year | -12.6% |
| 5-YTD | -20.7% |
| Since Inception | 248.7% |

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 104.9% in EGP but it was affected by the sharp currency devaluation as shown above.

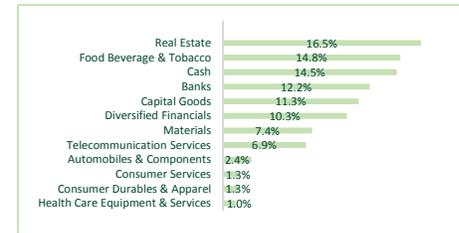
Top Holdings

| Stock Name | Sector | Weight |
|-------------------------------------|-------------------------|--------|
| Eastern Tobacco | Food Beverage & Tobacco | 9.8% |
| Commercial International Bank Egypt | Banks | 9.7% |
| ElSewedy Electric Co | Capital Goods | 8.0% |
| Talaat Moustafa Group | Real Estate | 6.9% |
| Egypt Kuwait Holding Co | Diversified Financials | 4.9% |

Performance Contributors (Monthly)

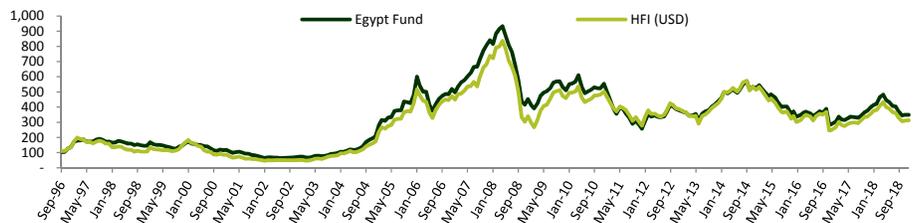
| Stock Name | Sector |
|--|----------------------------|
| ElSewedy Electric Co | Capital Goods |
| Egyptian Financial Group-Hermes Holding Co | Diversified Financials |
| Telecom Egypt Co | Telecommunication Services |

Sector Allocation



* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary

- The Egyptian market main index EGX30 lost an additional 2.1% in December to further increase its YTD negative performance to 13.2%. We highlight that this was aligned with a 2.9% decline in MSCI EM index during December thus ending the year with negative performance of 16.6%.
- We highlight that foreign investors were net buyers with a net buying position of EGP979 million, while local investors switched to sellers with a net selling position of EGP210 million and Arab investors continued to be net sellers by EGP769 million.
- El Sewedy Electric outperformed the market 12.91% on the back of the announcement of signing a JV contract worth USD2.9 billion to build a new dam and hydropower plant in Tanzania
- The real estate sector continued to underperform the market with SODIC (-14.7%) on the back of being charged with paying a settlement fee worth EGP800 million
- Petrochemical, Oil and Gas and commodity related companies continued to underperform due to the fall in oil prices with Sidi Kerir (-2.8%), MOPCO (-2.5%) and AMOC (-5.0%)

Economic Update

- MPC kept Overnight Deposit and Lending Rates for the sixth consecutive meeting at 16.75% and 17.75% respectively
- Government Targets to Drop Fiscal Deficit to 7% of GDP
- Foreign Holdings in Egyptian Treasuries Drops for the Eighth Month in a Row to reach USD10.9 billion as of November
- Net International Reserves was flat reaching USD44.5 Billion as of November 2018
- Inflation rate decreased during November to 15.7% down from 17.7% as of October 2018

Strategy

- The investment manager believes that we are currently in a period of extended correction caused by local panic, and that although we cannot specify the bottom, we are confident of a strong rally in the medium-term. The manager believes that Egypt's current high risk free rate is weighing on the markets valuation multiples, and that we need interest rates to start dropping in order to see a sustainable rally.
- As a result, the manager believes that we are not far away from the bottom if it has not been reached already, yet the market needs a catalyst to make a sustainable run. Therefore, the manager expects that we might move a bit of a sideways in the short term yet we think there is a strong rally from here over the medium term.