

Fund Manager's Strategy & Outlook

Selling waves pushed the market down during the month of February 2015. Local investors pressured the market being net sellers with approximately EGP150mn out of a total of EGP180mn during the month. The fund shed 4.2% during the month bringing its year to date performance to -0.8% and outperforming the HFI index which lost 4.5% over the same period.

On the company news front, Orascom Construction Industries announced splitting its fertilizers and construction business, with the demerged construction arm "Orascom Construction" being dually listed on the NASDAQ Dubai and the Egyptian Stock Exchange. Talaat Mostafa Group finally reached a resolution for its Madinaty land dispute. The company agreed to pay New Urban Communities Authority (NUCA) EGP3bn for changing the purpose of portions of the project in addition to increasing the government's share of fully-finished residential units in the project by 1.16m sqm valued at EGP6.16bn. On the banking front, Commercial International Bank (CIB) reported a good set of results for 4Q2014 with notable improvements in net interest income, fee and loan income, credit quality and a much lower provisioning costs during the quarter. Net income for the quarter reached EGP1.0bn showing a strong 36% year-on-year increase.

The Central Bank of Egypt (CBE) succeeded in eliminating the gap between the official and black market FX rates after imposing a limit on USD cash deposits in banks. The currency remained stable at EGP7.53/USD during the month while the black market's rate weakened. On the same topic, the Central Bank of Egypt announced that foreign exchange liquidity in the banking sector started improving following the deposit ceiling instructions. Net International Reserves remained stable at USD15.5bn in February 2015 while the IMF expects Egypt's foreign reserves to reach USD21.2bn mid next year. Annual headline inflation slightly decreased to 9.7% in January 2015 compared to 10.1% in December 2014.

The manager's defensive strategy served as a shield during the market's downfall in February and maintained the fund's outperformance against the market. The fund manager will maintain the current exposure level and asset mix with an eye on the outcomes of the economic summit scheduled in March.
 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	-4.2%
Year to Date	-0.8%
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 39.8
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	19.6%
T M G Holding	Real Estate	9.7%
Global Telecom	Telecom.	9.2%

Allocation By Economic

