

Fund Strategy & Outlook

The Egyptian market showed a weakened performance of -5.8% in EGP terms during February 2017, however the market increased in USD terms by 12.9% due to FX gains as the local currency appreciated against the USD. However, the drop in performance in EGP terms was an anticipated correction following the market's positive performance post local currency floatation. During the month, foreign and Arab investors were net buyers by EGP102 million and EGP110 million respectively, while local investors were net sellers by EGP212 million. The EFG-Hermes Egypt Fund gained 11.3% during the month versus 13.1% for the HFI Index

Global Telecom released its 2016 results showing a 2.1% increase in operating revenues from USD2.89 billion in 2015 to USD2.96 billion in 2016. Net income also grew to reach USD60.9 million in 2016 compared to a loss of USD142.7 million in 2015. This positive return came on the back of USD66.9 million FX income in 2016. Global Telecom also implemented its share buyback program that was covered 2.5x and it was executed on February 20th. The company's board of directors also approved to discontinue the GDR program since it has low liquidity, which was not profitable enough to cover costs for dual listing. On the real state front, Nasr city released its 2016 results reporting 3.9x increase in contract sales amounting to EGP3.4 billion in 2016. The company's net income also surged 3.2x to reach EGP769 million in 2016 compared to EGP239 million in 2015. Moreover, SODIC also announced its 2016 results showing 28.3% growth in contracted sales amounted to EGP5.65 billion in 2016, which led to a 40.4% increase in the company's operating revenue to reach EGP2.07 billion in 2016.

On the economic front, Egypt tax authority proposed a stamp duty tax of 0.175% to the Ministry of Finance to be applied on stock market transactions, but the proposal is still to be approved by the cabinet. The Central Bank of Egypt (CBE) remained overnight deposit and lending rates 14.75% and 15.75% during its last Monetary Policy Committee meeting. The CBE also announced a set of new FX regulations which consists of 1) allowing companies that had USD unsettled debt on the currency floatation day that doesn't exceed USD5.0 million to repay it in local currency at current market rate over two years with a 12% interest. 2) allowing banks to distribute its foreign currency excess liquidity to 50% to non-essentials, 25% to be sold in interbank market, and 25% to support repatriation of profits for foreign companies. Egypt's Net international Reserves increased at the end of February to reach USD26.5 billion. Egypt's headline inflation rate also increased to reach 28.1% as of January 2017.

The fund manager maintains his view regarding sector, stock selection, and equity allocation and will be restructuring the portfolio distribution accordingly over the coming period.

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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 *	11.3%
Year to Date	18.5%
2016	-23.4%
2015	-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 January 30 2017 and February 27, 2017

Fund Information

NAV per share	USD 25.8
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	23
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	20.3%
Eastern Tobacco	Personal & Household	10.9%
Global Telecom Holding	Telecommunications	8.0%

Allocation By Economic Sector

