

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 29.8
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EGFHGEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.6%
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	ambusinessdev@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
February 2019	7.0%
YTD	11.9%
1 Year	-7.4%
5-YTD	-21.7%
Since Inception	290.3%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 97.3% in EGP but it was affected by the sharp currency devaluation as shown above.

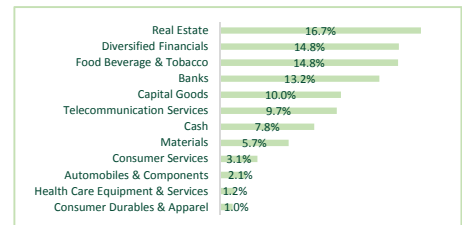
Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt	Banks	10.6%
Eastern Tobacco	Food Beverage & Tobacco	9.6%
Talaat Moustafa Group	Real Estate	7.7%
ElSewedy Electric Co	Capital Goods	7.1%
Global Telecom Holding SAE	Telecommunication Services	6.7%

Performance Contributors (Monthly)

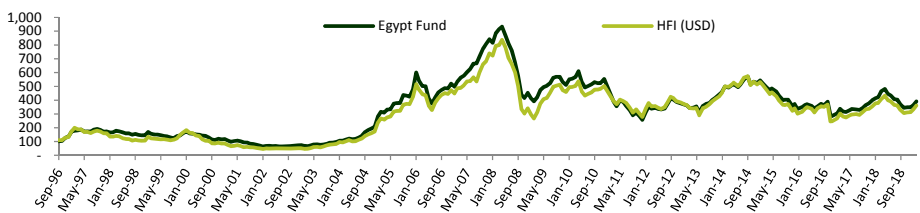
Stock Name	Sector
Global Telecom Holding SAE	Telecommunication Services
Eastern Tobacco	Food Beverage & Tobacco
Heliopolis Housing	Real Estate

Sector Allocation*



* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary

- EGX30 continued its upward trend recording gains of 4.8% in EGP and 5.8% in USD bringing the YTD performance to +16.19%
- EGX30 Capped index increased by 4.5% in EGP and 5.3% in USD
- Foreign institutions were net sellers during the month by EGP688 million, Local and Arab institution were net buyers by EGP675 million and EGP65 million respectively
- The consumer sector rebounded in February with Edita +23.5%, Obour Land +18.4% and Juhayna +16.1%
- EK outperformed the market with 15.3% increase on the back of potential gas discovery
- Ibsina Pharma also gained 13.1% post the court's verdict of fining the company EGP160 million from initial EGP2.0 billion

Economic Update

- The CBE Monetary Policy Committee (MPC) decreased overnight deposit and lending rates by 100 bps to 15.75% and 16.75% respectively.
- Egypt Raises USD4.0 Billion from International Debt Market
- The government announced the state budget for FY19/20 targeting GDP growth of 6.2% up from 5.8% in FY18/19
- Unemployment Drops to 8.9% in 4Q18
- Net International Reserves grew from USD42.6 billion to USD44.1 billion
- Inflation Increases to 14.4% YoY in February

Strategy

- The EGX 30 index increased by 22.8% from its bottom in December reaching 14,904 point as of March 7th, 2019 yet we are still 18.8% below the peak. We highlight that this coincided with MSCI EM increasing by 10.2% from its bottom reached in October yet it is still 19.1% below its peak. We believe that Egypt constantly removes in the same direction as the MSCI EM index yet there might be lag of 2 to 3 months similar to what happened in 2018 when MSCI EM peaked in January while Egypt peaked in April, and the MSCI EM bottomed in October while Egypt bottomed in December. Therefore, the overall direction of the Egyptian market will be set by the outcome of the trade discussions between the US and China in addition to the Fed outlook on interest rates.
- We believe that Egypt although moving in the same direction as MSCI EM, yet it should outperform the average index over the next year given the following:
 - o Continuous improvement in economic indicators with Egypt achieving primary budget surplus for the first time in 15 years in addition to achieving GDP growth in the range of 5.5% in the next fiscal year.
 - o The rationalization in oil prices improves Egypt's budget outlook and gives the government more freedom in adjusting the subsidies and reducing the overall budget deficit.
 - o The CBE resumed its expansionary policy that started in 2018 but paused due to emerging market conditions, through cutting deposit and lending rates by 100 bps. Market is expecting another 200 bps cut during 2019 yet will be implemented towards the end of the year post absorbing the next energy price hike expected in July.
- Finally, we highlight that VEON Telecom submitted an offer to acquire minorities of Global Telecom in a deal that **IF APPROVED** by the regulator will result in expected proceeds in the range of EGP7.9 billion (USD450 million) to be reinvested in the market leading to decent inflows relative to the market average liquidity.

*EX30 Capped was published recently by Egyptian stock exchange to measure the performance of the most traded companies in accordance with the rules set for mutual funds. Constituents are capped quarterly so that the weight of each constituent will not exceed 15% of the total weight.