

### Fund Manager's Strategy & Outlook

The market started the year with a positive thrust on the back of strong buying emanating from regional investors. Average daily turnover remained stable during the month of January at approximately USD 90 million. The fund outperformed the HFI index during the month with 3.6% in net returns versus 3.5% for the index.

Company news during the first month of the year included Palm Hills Development Company announcing a capital increase plan by EGP1.65 billion through another rights issue bringing the total capital increase to EGP4.35 billion to finance retail and commercial expansion plan and new land acquisitions. The company has also reported a 207% year-on-year increase in net sales reaching EGP3.6 billion which was mainly driven by strong unit sales in its west Cairo projects. Eastern Tobacco Company reported net income of EGP315 million for 2Q2014/2015 showing 15% year-on-year growth while total revenue for the company reached EGP1.9 billion over the same period due to the price increases that were implemented during 2014. EFG Hermes also reported robust 4Q2014 results with net income reaching EGP100 million bringing total net income for the year to EGP500 million compared to a net loss of EGP546 million in the previous year. This growth came on the back of improved revenue stream across all business lines during the year.

On the economic front, currency devaluation was the highlight of the month after the Central Bank of Egypt (CBE) allowed the EGP to depreciate against the USD by almost 6% reaching EGP7.58/USD after being stable for more than 6 months at EGP7.15/USD in an attempt to eliminate the gap between the black and official market. It is worth mentioning that the CBE also took an unexpected decision during the month by cutting interest rates by 0.5% on the back of lower international commodities and food prices after the recent drop in oil prices. On the same topic, the government announced that the GDP growth for the FY2014/2015 was revised upwards to 4% due to improved economic situation and savings from lower oil prices. Furthermore, the government is targeting USD10 billion in foreign direct investments during the current fiscal year.

In anticipation of the parliamentary elections and the economic summit, the fund manager is taking a cautious approach to asset allocation. The manager's stock picks for the upcoming period will be focused on defensive and deep value names, in addition to increasing exposure to the real estate sector as a hedge against further currency devaluation.

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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	3.6%
Year to Date	3.6%
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 41.6
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	0.2

### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	17.9%
Global Telecom	Telecom.	9.7%
T M G Holding	Real Estate	9.6%

### Allocation By Economic Sector

