

Fund Manager's Strategy & Outlook

The market started the year with an overall negative sentiment. This was mainly attributed to the global and regional selloff amid continuous pressure on oil prices which was evident from the investor types as the month ended with foreign investors being net sellers by EGP470 million. The EFG-Hermes Egypt Fund lost 9.8% during the month versus 11.5% for the HFI Index.

On the company's front, Juhayna released 2015 results indicating a growth of 14.9% in its operating revenues from EGP3.68 billion in 2014 to EGP4.23 billion in 2015. Growth in top line was accompanied by improved profitability margins on the back of falling commodity prices. The company's net income increased by 64.6% from EGP170 million to EGP280 million. Orascom Construction announced signing contracts to convert two power plants from simple to combine cycle. The contracts are valued at USD420 million. Global Telecom Algerian subsidiary "Djezzy" submitted a bid for 4G mobile broadband license. The successful bidders will be announced on May 17th, 2016 with actual launch to be on the fourth quarter of 2016. This should have a positive impact on the company's ARPUs on the back of better utilization on data services. Eastern Tobacco released 1H15/16 un-audited results indicating a top line growth of 12.3% reaching EGP3.88 billion. Growth in sales was higher than growth in COGS while the drop in tax rates further enhanced bottom line to increase by 38.1% from EGP586 million to EGP809 million.

On the economic front, The Central Bank of Egypt (CBE) introduced new limits into the banking system aiming to enhance the risk profile of the banking system, and encourage small and medium-sized enterprises lending. The CBE also announced increasing the monthly FX cash deposits limits from USD 50,000 to USD 250,000 for selective items. This step should allow importers to increase their FX purchases from the parallel market and deposit them in the bank to meet their import requirements, which would put pressure on rates given the increased demand. Net International Reserves remained stable for the third consecutive month at USD16.4 billion by the end of December 2015. Headline inflation stabilized in December 2015 at 11.1% post three months of continuous increases. It's worth mentioning that Egypt's new parliament convened its first procedural session and a house speaker was elected during January 2016.

The fund manager remains cautious about the dynamics of the local, regional and global stock markets and awaiting signals of recovery to appear that would render a shift in asset allocation and strategy. Accordingly, the fund manager maintains the diversified exposure between defensive and consumer stocks and undervalued high beta and real estate names.

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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 *	-9.8%
Year to Date	-9.8%
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 December 21, 2015 and January 18, 2016

Fund Information

NAV per share	USD 25.7
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	26
Beta	0.8
Sharpe Ratio	0.02

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.0%
Eastern Tobacco	Personal & Household	9.4%
T M G Holding	Real Estate	7.1%

Allocation By Economic Sector

