

### 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 31.6
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

### Quantitative Data (Since Inception)

Standard Deviation	26.9%
Beta	0.8
Sharpe Ratio	0.1

### 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
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## Portfolio

### Performance Figures

Date	Return
January 2018	3.7%
Full Year 2017	40.1%
1 Year	36.5%
5-YTD	12.6%
Since Inception	314.0%

\*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 200% in EGP but it was affected by the sharp currency devaluation as shown above.

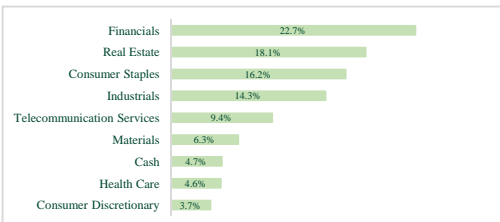
### Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt	Financials	13.6%
ElSewedy Electric Co	Industrials	13.1%
Eastern Tobacco	Consumer Staples	12.5%
Global Telecom	Telecommunication Services	7.5%
Talaat Moustafa Group	Real Estate	7.0%

### Performance Contributors (Monthly)

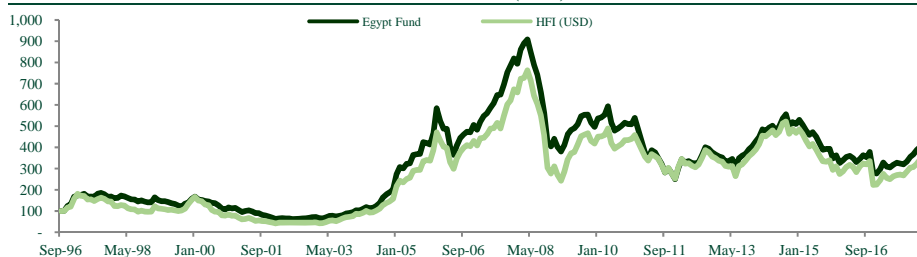
Stock Name	Sector
El Sewedy Electric	Industrials
Commercial International Bank Egypt	Financials
Medinet Nasr Housing	Real Estate

### Sector Allocation



\*GICS Sector allocation

### Track Record Vs HFI (USD)



## Market Outlook

### Market Commentary

- EGX30 was flat in January 2018 with 0.2% return in EGP and 1.0% in USD terms.
- The market average daily turnover was EGP1.2 billion during the month. Foreigners were the only buyers in the market by EGP1.77 billion while Arabs and local investors were net sellers by EGP0.06 billion and EGP1.76 billion respectively.
- Fertilizers outperformed mainly Abu Qir Fertilizers (39.1%) and MOPCO (14.1%) on the back of higher Urea prices.
- Ibn Sina Pharmaceuticals outperformed the market by 21.9% on the back of new health act and recent hike in some medicines.
- Telecom Sector, on the other hand, underperformed the market Global Telecom (-7.9%) due to tax claims leading to the delay of FRA respond to Veon tender offer, and Telecom Egypt (-0.7%) on the back of high financing requirement for mobile expansion.

### Economic Update

- Egypt's budget deficit narrowed to 4.4% in 1H17/18 down from 5.0% in 1H16/17 mainly on the back of 38% increase in total revenue while limiting expenditure growth to 25%.
- Fitch Ratings upgraded Egypt's outlook to positive from stable while maintaining sovereign credit rating at B
- Egypt's Net International Reserves increased by 0.8% in January 2018 reaching USD38.2 billion implying an import coverage ratio of 7.5 months.
- Inflation dropped by 4.8% to reach 17.1% in January down from 21.9% in December 2017. This drop comes in continuation to a 4.1% decline in December compared to 26.0% in November 2017.

### Strategy

- We maintain our view that GDP growth will be in the range of 5% and that inflation will keep falling over the next 5 months leading to 3-4% interest rate cuts throughout 2018. Finally, we believe that better current account and balance of payment dynamics especially with the beginning of production in Zohr Gas field might lead to a slight appreciation in EGP.
- As a result, we overweight stocks that we believe are well positioned to benefit from the above theme, and has a strong balance sheet to capture growth opportunities.
- Overweight real estate as we believe that with the expected cut in interest rates, the sector is most likely to witness a boom as investors will be looking for alternative investments.