

Fund Manager's Strategy & Outlook

The negative sentiment on the Egyptian stock market persisted during the month of July 2015 with the unfortunate death of the general prosecutor pressuring the market further. However, average daily turnover climbed to USD63 million versus 3 month average of USD58 million showing a slight recovery in the trading volumes. The EFG-Hermes Egypt Fund lost -6.9% versus -7.4% for the HFI index bringing its year-to-date performance to -18.0% and outperforming the index by 5%. It is worth mentioning that the fund's performance was negatively affected by the depreciation of the EGP against the USD which took place during the month.

Commercial International Bank (CIB) has announced that AXA is set to acquire 100% of Commercial International Life Insurance Company (CIL) which is 45% owned by CIB. Accordingly, CIB will book EGP294 million in realized gains on sale after finalizing the deal in 4Q2015. The bank also announced that they are targeting EGP4.5 billion in net profit by the end of 2015. Moving to Eastern Tobacco, the company recorded net profits of EGP1.1 billion for FY2014/15 with a year-on-year growth of 19.2%. Bottom line growth was supported by c.7% expansion in gross margins to 28.1% driven by an increase in ex-factory prices in addition to the sign-on bonus of renewing BAT's contract. El Sewedy Electric in alliance with Siemens, have announced the completion of the 650 MW Attaqa power plant one month ahead of deadline. Also, the company won EUR160 million smart-meter tender in Netherlands adding to the company's sizable backlog. EFG-Hermes announced a capital increase worth EGP392 million through the distribution of a 1.46:10 stock dividend in July 2015 reflecting an increase in its paid-in capital to EGP3.26 billion.

On the economic front, the GDP growth rate reached 3.0% year-on-year in 3Q14/15 versus 2.5% a year earlier on the back of continued economic recovery. In addition, the Ministry of Finance issued the revised FY2015/16 budget with fiscal deficit amounting to EGP251 billion equivalent to 8.9% of GDP and lower than the targeted 9.9% announced earlier. Net International Reserves (NIR) increased from USD19.6 billion in May 2015 to USD20.1 billion in June 2015, after the issuance of USD1.5bn Eurobonds during the month. The annual headline inflation slowed down to 11.4% in June from 13.1% in May due to favorable base effect and a slight decrease in food prices. The Central Bank of Egypt started another round of currency devaluation through special FX auctions held during the month causing the EGP to slide by approximately 2.6% reaching EGP7.73/USD.

With heightened volatility dominating the trading scene over the past couple of months, the fund manager prolongs his cautious strategy for the fund maintaining relatively low equity exposure and focusing on defensive and consumer plays.

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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 *	-6.9%
Year to Date	-18.0%
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 June 29, 2015 and July 27, 2015

Fund Information

NAV per share	USD 32.9
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	24
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.3%
Eastern Tobacco	Personal & Household	9.8%
T M G Holding	Real Estate	7.8%

Allocation By Economic Sector

