

## 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 31.13
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

## Quantitative Data (Since Inception)

Standard Deviation	26.8%
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	ambusinessdeveg@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
July 2018	-6.1%
YTD	2.1%
1 Year	22.4%
5-YTD	13.8%
Since Inception	307.4%

\*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 191.2% in EGP but it was affected by the sharp currency devaluation as shown above.

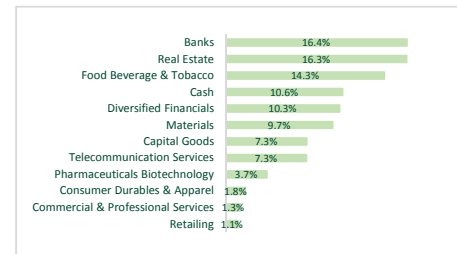
### Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt	Banks	13.0%
Eastern Tobacco	Food Beverage & Tobacco	10.3%
Talaat Moustafa Group	Real Estate	7.7%
Egypt Kuwait Holding Co	Diversified Financials	6.6%
Six of October Development & Investment	Real Estate	5.4%

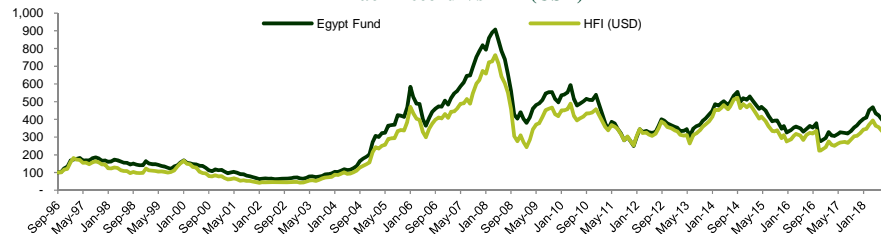
### Performance Contributors (Monthly)

Stock Name	Sector
Orascom Construction Ltd	Capital Goods
Egypt Kuwait Holding Co	Diversified Financials
Credit Agricole Egypt SAE	Banks

### Sector Allocation



### Track Record Vs HFI (USD)



## Market Outlook

### Market Commentary

- EGX30 continued its correction with 4.7% drop in EGP terms in July 2018 from 16,349 last month to 15,580 and 4.4% decline in USD terms. As a result YTD performance reduced to reach 3.7% in EGP and 3.4% in USD terms.
- Consumer sector was the outperformer in July with Domty (10.3%), Cairo Poultry (4.4%) and Edita (2.2%) due to volume recovery as per 2Q2018 results.
- Cement Sector underperformed during the month on the back of higher energy cost. Arabian Cement decreased by 12.0%, Suez Cement 8.0% and South Valley Cement 7.0%.
- Palm Hills and Global Telecom continued its downtrend with 12.1% drop in both stocks. Palm hills continues to be negatively affected by its highly leveraged balance sheet and Global Telecom due to uncertain proceeds of Veon's new transaction with the company.
- The average daily turnover reached EGP0.79 billion down from EGP0.89 billion in June.
- Foreigners were net buyers by EGP169 million, locals and Arab investors were net sellers by EGP101 million and EGP68 million respectively.

### Economic Update

- Egypt maintained its FY17/18 GDP growth at 5.3% compared to 4.2% for the same period last year
- Egypt achieved a primary budget surplus of EGP4.0 billion for the first time in 15 years, representing a 0.2% of GDP
- The government announced offering additional stakes in five listed companies (Heliopolis Housing, Eastern Tobacco, AMOC, Alexandria Containers, and Abu Qir Fertilizers) as the first wave of its IPO program.
- Net International Reserves stood at USD44.3 Billion as of July 2018.
- Inflation rate decreased to 13.5% in July down from 14.4% in June 2018.

### Strategy

- The market dropped by 15.2% from its peak of 18,363 point reached in April to end July at 15,580 point thus losing more than 80% of the gains achieved in the first 4 months of the year. The drop was on the back of emerging market outflows in addition to the CBE pausing its easing policy in light of higher oil prices leading to some inflationary pressures. We believe that the market correction phase ended and that the remaining period of the year will be better on the back of the following:
  - o Egypt is on track applying strong economic reform program that is supported by the IMF leading to strong growth potentials.
  - o We believe that inflationary pressures will be absorbed and that the CBE will return to its easing cycle by the end of 2018.
  - o Strong pipeline of IPOs (Governmental and Private) expected to be offered in the market leading to strong inflows in the stock market.
- As a result, we are concentrating our investments in companies with strong balance sheet that allows them to utilize available opportunities in a growing economy.