

Fund Manager's Strategy & Outlook

During the month of June, the market saw some profit taking, mainly coming for local institutions, to end the month with losses. The lack of clarity on the implementation of the capital gains tax kept buyers cautious. M&A talks helped support the market but were not enough to lift it to higher grounds. The fund shed 4.23% during the month while the HFI dropped 4.69%.

Company news was relatively thin over the month. The main highlight was that a consortium led by billionaire Naguib Sawiris is interested in an acquisition of a 20% stake in EFG-Hermes Holding at a price of EGP 16.0/share. To protect its investors EFG-Hermes hired an independent financial advisor to calculate the estimated fair value of the firm; which came at EGP 22.9/share. In telecom news, Global Telecom Holding's Canadian operation Wind Mobile seeks the spectrum for rolling out 4G Long Term Evolution (LTE) services. Building the LTE network would cost between USD370-460 million and is expected to turn EBITDA profitable by the end of 2015. As for real estate, Sixth of October Development and Investment Company (SODIC) announced its 1Q2014 results with revenues reaching EGP301 million, a 132% increase year-on-year, after booking strong gross sales during the first quarter. Moreover, the company announced that its subsidiary SOREAL has received a letter of award for 301 acres (1.26msqm) of land which was auctioned by the New Urban Communities Authority (NUCA).

As for the economic developments, the government's tax and subsidy reform program was the story of the hour. In an attempt to decrease the budget deficit the president approved the state budget after including the capital gains tax, bringing forward the implementation of the value-added tax to FY2014/15, and subsidy cuts on fuel and electricity. Meanwhile, net international reserves (NIR) saw its first decline in 2014 as it fell by USD205 million in May, to reach USD17.3 billion.

The fund manager is optimistic about the implementation on economic reforms, with the removal of energy subsidies being a long awaited move and should prove positive on the long run. In turn, the fund manager will maintain his equity exposure level in his diversified portfolio.

EFG-Hermes Asset Management

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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	-4.2%
Year to Date	12.5%
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 37.8
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	13.9%
Global Telecom	Telecom.	10.8%
T M G Holding	Real Estate	8.8%

Allocation By Economic Sector

