

Fund Manager's Strategy & Outlook

The Egyptian stock market witnessed lack of buying appetite during the month amid escalating Greece debt crisis and the seasonal selling waves from government entities before the fiscal year end. Average daily turnover dropped to USD51 million versus 3 month average of USD71 million with thin trading volumes characterizing the month of Ramadan. The EFG-Hermes Egypt Fund lost -4.5% versus -6.3% for the HFI index bringing its year-to-date performance to -11.9% and outperforming the index by 4.9%.

Emaar Misr' initial public offering (IPO) was finalized during the month at a final price of EGP3.8/share. The IPO witnessed a remarkable success with the private placement being oversubscribed 11.2x while the public tranche was oversubscribed 36.0x. El Sewedy Electric announced mixed news during the month with the company's 1Q2015 net profit more than doubled reaching EGP239 million versus EGP105 million a year earlier. The company also signed an engineering, procurement and construction (EPC) agreement with Siemens worth EUR784 million for a power plant in Egypt. The first phase of the plant is expected to start operations in 2017 while the final project completion is expected to be in 2018. On the real estate front, Six of October for Development and Investment Company (SODIC) announced a target net contract sales of EGP4.0 billion in 2015. The company also announced investing approximately EGP900 million in its north coast project during the year. Eastern Tobacco Company renewed its contract with British American Tobacco (BAT) for another 7 years and the company received USD5.0 million as a signing bonus from BAT.

On the economic front, foreign direct investments showed strong recovery during 3Q2014/2015 reaching USD3.0 billion. Net international reserves reached USD19.6 billion in May 2015 after debt repayments worth USD1.0 billion during the month. Annual headline inflation accelerated to reach 13.1% in May 2015 compared to 11.0% in the previous month as food prices hiked prior to the month of Ramadan. It is worth mentioning that the government conducted its first international bond sale since 2010 selling USD1.5 billion of 10 year bonds at a yield of 6%. The bond sale witnessed notable success being oversubscribed 3.0x by foreign investors.

The fund's current portfolio is diversified between undervalued high-beta and defensive names to hedge against the volatility and uncertainty prevailing in the market. The manager will maintain his current equity exposure with a wary stance given the current local and global developments.

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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 *	-4.5%
Year to Date	-11.9%
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 May 18, 2015 and June 29, 2015

Fund Information

NAV per share	USD 35.4
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	16.4%
Eastern Tobacco	Personal & Household	9.4%
T M G Holding	Real Estate	8.5%

Allocation By Economic Sector

