

Fund Strategy & Outlook

The Egyptian market was flat during June 2017 with a slight increase of 0.4% in EGP terms and a decrease of 0.7% in USD. During the 1H2017, foreign investors and Arab investors were net buyers by EGP6.3 billion and EGP0.7 billion respectively, while local investors were net sellers by EGP7.0 billion. The EFG-Hermes Egypt Fund gained 2.9% during the month versus 2.1% for the HFI Index.

Company news were minimal during the month of Ramadan. On the banking front, Commercial International Bank (CIB) arranged a shareholders meeting on 18 July seeking approval to increase its capital by 25% through issuing bonus shares from the bank reserves and to change the board of directors. Telecom Egypt signed two agreements with Etisalat Misr; 1) Etisalat Misr will provide Telecom Egypt 2G, 3G and 4G mobile services through its network and 2) Telecom Egypt will allow Etisalat Misr to offer international voice services through its gateway. On the real state front, Madinet Nasr housing distributed a 1:1 stock dividend, which increased its capital by EGP500 million.

On the economic front, a 0.125% stamp duty tax imposed on the stock market transaction on the 28th of July after the president signed off the decree. The stamp duty tax will be increased next year to reach 0.150% and 0.175% the following year. In addition, the government reduced the fuel subsidies by around EGP40 billion. Furthermore, Egypt's current account deficit declined by 12.4% amounting to USD13.2 billion in 9M16/17 as the trade deficit decreased by 9.4% and net tourism proceeds surged 1.9x to reach USD651 million. Egypt's Net International Reserves increased by 8.7% in May to reach USD31.1 billion due to the issuance of USD3.0 Eurobonds. Egypt's inflation rate decreased from 31.5% in April 2017 to 29.7% in May, which is the first decrease since the local currency flotation.

The fund manager is cautiously optimistic about the prospects of the local stock market given the recent fiscal reforms and monetary actions taken by the government regarding energy subsidies and interest rates. The manager continues to remain diversified across the holdings of the fund and reduces exposure to stocks that would be most affected from the recent decisions over the coming period.

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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 *	2.9%
Year to Date	18.2%
2016	-23.4%
2015	-29.1%
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 29 2017 and June 19, 2017

Fund Information

NAV per share	USD 25.72
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	21
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	18.9%
Eastern Tobacco	Personal & Household	10.8%
ElSewedy Electric Co	Industrial Goods and Services and Automobiles	7.8%

Allocation By Economic Sector

