

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 33.2
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	ambusinessdev@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
June 2018	-2.8%
YTD	8.8%
1 Year	28.9%
5-YTD	38.4%
Since Inception	334.0%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 253.5% in EGP but it was affected by the sharp currency devaluation as shown above.

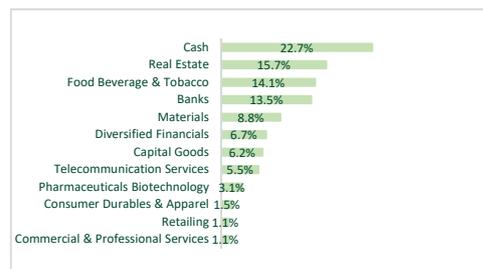
Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt	Banks	10.8%
Eastern Tobacco	Food Beverage & Tobacco	10.5%
Talaat Moustafa Group	Real Estate	7.1%
Sidi Kerir Petrochemicals	Materials	4.7%
Global Telecom Holding SAE	Telecommunication Services	4.2%

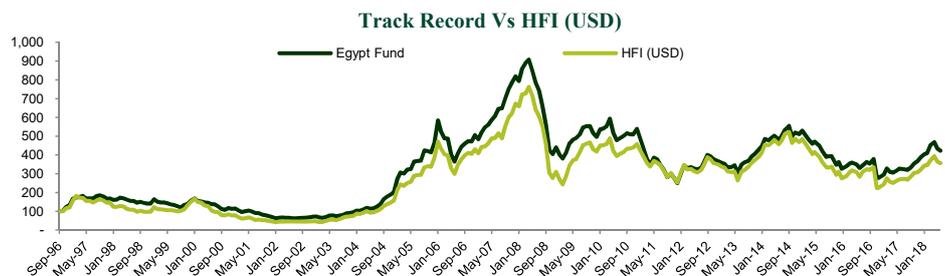
Performance Contributors (Monthly)

Stock Name	Sector
Eastern Tobacco	Food Beverage & Tobacco
Obour Land For Food Industries	Food Beverage & Tobacco
Juhayna Food Industries	Food Beverage & Tobacco

Sector Allocation



* GICS Industry Group



Market Outlook

Market Commentary

- The Market was flat in June with a slight drop of 0.4% moving sideways post the 10.3% loss in May 2018. EGX30 YTD performance dropped from 9.3% in May 2018 to 8.9% in EGP and 8.1% in USD terms.
- The average daily turnover dropped for the third consecutive month amounting to EGP0.89 billion compared to EGP1.87 billion in March.
- Foreigners were net buyers by EGP55 million, and for the first time locals were net buyers by EGP39 million leaving Arabs as the only net sellers by EGP93 million.
- The outperformers in the market during June 2018 were Ibn Sina (18.5%) in anticipation of an increase in drug prices and Citadel Capital (16.8%) on the back of ERC near completion
- The underperformers during the month were Oriental Weavers (13.0%) due to higher polypropylene prices thus squeezing margins and Sidi Kerir (11.3%) due to some speculations on gas availability for the company.

Economic Update

- The CBE maintained overnight deposit and lending rates stable at 16.75% and 17.75% respectively in its last meeting dated 28 June
- Egypt's Current Account Deficit Drops Significantly by 57.5% to USD5.3 Billion in 9M17/18 down from USD12.5 billion in 9M16/17. This significant drop is on the back of 2 main reasons: 1) Net Tourism proceeds spiked by 8.5x to reach USD5.5 billion compared to proceeds of USD0.7 billion in 9M16/17; and 2) Increase of 23.2% in remittances from Egyptians working abroad from USD15.8 billion to USD19.5 billion.
- Net International Reserves stable at USD44.3 billion as of June 2018
- Inflation rate increased to 14.4% in June up from 11.4% in May 2018. The increase was expected post the hikes in fuel prices.

Strategy

- The market dropped by 11.0% from its peak of 18,363 point reached in April to end June at 16,349 point 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 will end in the third quarter of 2018 with the market bottoming a bit below June level, and market conditions will reverse upwards in the fourth quarter.
- We still believe that Egypt's medium term outlook is positive due to 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, and in order to pass this period of volatility we are concentrating our investments in companies with strong balance sheets that allow them to utilize available opportunities in a growing economy with specific focus on the banking sector in addition to oil and petrochemicals.