

### 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 28.6
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

### Quantitative Data (Since Inception)

Standard Deviation	26.4%
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 2019	-1.0%
YTD	7.5%
1 Year	-13.6%
5-YTD	-24.2%
Since Inception	274.8%

\*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 77.3% in EGP but it was affected by the sharp currency devaluation as shown above.

#### Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt SAE	Banks	12.7%
Global Telecom Holding SAE	Telecommunication Services	10.8%
Eastern Co SAE	Food Beverage & Tobacco	8.6%
Egypt Kuwait Holding Co SAE	Materials	8.3%
Egyptian Financial Group-Hermes Holding Co	Diversified Financials	7.7%

#### Performance Contributors (Monthly)

Stock Name	Sector
Commercial International Bank Egypt SAE	Banks
Egyptian Financial Group-Hermes Holding Co	Diversified Financials
Six of October Development & Investment	Real Estate

#### Sector Allocation\*



\* GICS Industry Group

#### Track Record Vs HFI (USD)



### Market Outlook

#### Market Commentary & Strategy

- Emerging markets increased by 5.7% in June supported by the resumption of talks between the USA and China in the G20 summit in addition to further hopes that the FED will start cutting rates as early as July. Egypt, on the other hand, increased by 2.9% in USD terms signalling the first month in 2019 to underperform the MSCI EM average index.
- We believe that the market underperformance in June is mainly on the back of the current high interest rate environment leading to that the bulk of foreign investors are more interested in Egypt's debt market benefiting from its decent carry trade among emerging markets. In addition to the fact that the bulk of local institutions are tight in liquidity post their aggressive buying spree in the first quarter, and finally high level of margin debt among retail investors is exerting additional pressure on the market at a time when trading liquidity is low.
- We highlight that the market average daily trading dropped by 42.7% from an average daily turnover of EGP978 million in 1Q19 to EGP595 million in 2Q19.
- From our view, the execution of VEON deal to acquire Global Telecom expected in August will partially solve the liquidity concerns as it will lead to proceeds of around USD450 million to be reinvested in the market. However, the medium term outlook will still depend on whether the CBE will resume its expansionary policy as expected or not, in addition to the outcome of the trade talks between the US and China.
- We expect that the CBE will resume its expansionary policy as evident by the latest inflation figures released, and that the market current attractive valuations will not be overlooked for long thus we will keep outperforming emerging markets as was the case in the first 5 months of 2019. However, due to the current volatility we will keep the bulk of our investments in companies with strong balance sheet and low leverage rather than highly leveraged companies.

#### Companies Updates

- The Real Estate sector rebounded this month with SODIC +7.6% and TMG +3.5%. Heliopolis Housing was the highest outperformer in the sector +13.4% after the talks of an agreement with a private equity firm to manage the company before its secondary offering in the market.
- Qalaa holding posted gains of +13.0% as ERC will start its full commercial production by end of August 2019
- Oriental Weavers increased by 9.6% on the back of the escalation of the US and China trading war
- Telecom sector also outperformed in June with Global Telecom +8.1% and Telecom Egypt 4.6% post the Egyptian Financial Regulatory Authority (FRA) approval of Veon's offer to acquire Global Telecom shares
- EFG Hermes achieved 6.9% return on the back of foreign interest due to market activity in KSA
- On the other hand, CIRA and EK Holding dropped during the month by -8.7% and -7.0% respectively; a correction post an upside of 20.3% in CIRA and 25.7% in EK holding since the beginning of 2019
- Consumer sector underperformed in June with Obour Land -7.1%, Juhayna -6.2% and Domty -2.8% due to drop in volumes
- Cement sector decreased also with Arabian Cement -15.4% and Suez cement -14.6% due to oversupply in the cement market

#### Economic Updates

- Foreign Holdings in Egyptian Treasuries Increases for the Third Month in a Row Reaching USD17.4 billion
- Net International Reserves inched upwards in June to reach USD44.4 Billion
- Inflation dropped by 4.7% in June reaching 9.4% down from 14.1% in May