

Fund Manager's Strategy & Outlook

The market saw a correction during the month of March after a series of gains in the previous months. The market movements followed the tradition of "buy the rumor, sell the fact" throughout the month, as it witnessed a big rally early in the month on the back of expectations of General Abdel Fattah El-Sisi running for president before dropping heavily towards the end of the month when the news materialized. Nevertheless, the fund managed to hold on to its gains, with year to date returns of 11.8%.

More companies released their financial results this month with real estate companies reporting stellar figures, beating analysts' expectations. Talaat Mostafa Group reported its FY2013 figures, showing a year on year increase of 7.2% in net income with EGP 585 million. The increase was on the back of improved profit margins and ramped up deliveries in 4Q2013. Madinet Nasr for Housing also reported impressive FY2013 figures with a bottom line of EGP 325 million, increasing 105% year on year, due to strong contributions of land sale revenues with big margins. As for the telecom sector, Telecom Egypt reported a revenue increase of 11.8% year on year in 4Q2013 with EGP 2.78 billion. The increase was driven by improved revenues from enterprise solutions and growth in internet usage. In petrochemicals, Sidi Kerir Petrochemicals raised its FY2013 dividend distribution to EGP2.00/share from EGP1.80/share, implying a dividend yield of 10%.

On the economic front, the Minister of Planning announced that Egypt's economy grew by 1.2% in 1H2013/2014, as the stimulus plans are being implemented. Moreover, the government is expecting the first installment of a EUR 5 billion support package from the European Union (EU). The installment worth EUR 500 million will go towards development projects with a second installment being subject to Egypt signing a loan agreement with the International Monetary Fund (IMF). As for net international reserves (NIR) it saw an increase of USD202 million to reach USD17.31 billion in February 2014 on the back of an upward revaluation of the value of the Central Bank of Egypt (CBE) gold holdings. Meanwhile, annual inflation continued to decline, reaching 9.8% in February from 11.3% a month earlier on the back of easing food and clothing prices.

The fund manager will trim the exposure by locking in profits in high beta names that are deep in the money. Meanwhile, the fund manager will maintain the well diversified stock portfolio with more focus on consumer stocks that are set to benefit from the stimulus packages.

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	-1.5%
Year to Date	11.8%
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 37.5
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	22
Beta	0.8
Sharpe Ratio	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.4%
Global Telecom	Telecom.	9.7%
T M G Holding	Real Estate	9.4%

Allocation By Economic Sector

