

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 30.0
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.6%
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
Fax	+973 1756 9574

Portfolio

Performance Figures

Date	Return
March 2019	0.6%
YTD	12.6%
1 Year	-15.5%
5-YTD	-20.1%
Since Inception	292.6%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 99.0% in EGP but it was affected by the sharp currency devaluation as shown above.

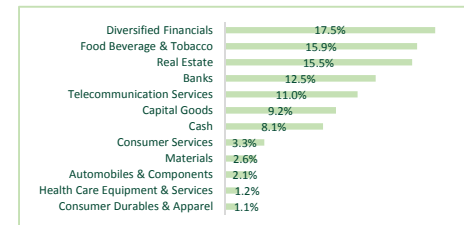
Top Holdings

Stock Name	Sector	Weight
Eastern Tobacco	Food Beverage & Tobacco	10.7%
Commercial International Bank Egypt SAE	Banks	9.9%
Global Telecom Holding SAE	Telecommunication Services	8.1%
Egypt Kuwait Holding Co SAE	Diversified Financials	7.5%
Talaat Moustafa Group	Real Estate	6.9%

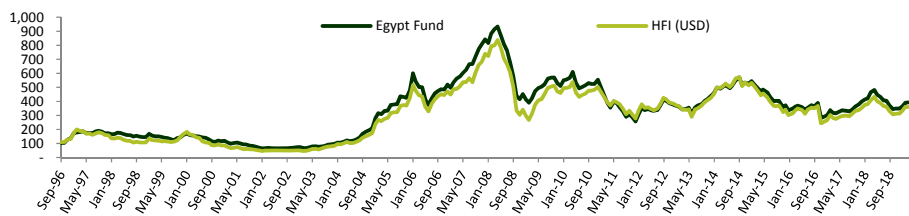
Performance Contributors (Monthly)

Stock Name	Sector
Egypt Kuwait Holding Co SAE	Diversified Financials
Eastern Tobacco	Food Beverage & Tobacco
Juhayna Food Industries	Food Beverage & Tobacco

Sector Allocation*



Track Record Vs HFI (USD)



Market Outlook

Market Commentary

- Foreign investors continued their selling trend reaching a net of EGP447 million in March, pressuring EGX30 negatively as it lost 0.4% in EGP. However, the market inched by 0.6% in USD terms. YTD performance is still positive at 13.1% in EGP and 16.9% in USD.
- On the other hand, EGX30 Capped index edged during the month by 0.2% in EGP and 1.2% in USD bringing the YTD performance to 12.7% in EGP and 16.5% in USD
- Heliopolis Housing posted gains of 19.7% in March post the announcement of their land bank value
- Cleopatra increased by 12.5% after its acquisition of Queens hospital and El Khatib hospital
- The consumer sector continued its outperformance during the month with Edita +13.4% and Eastern +10.0% supported by the EGP appreciation versus the USD
- Sidi Kerir underperformed by -11.5% on the back that the company will need a capital increase to finance its new project
- Construction sector was in a negative territory with Elsewedy -8.5% and Orascom -4.3%

Economic Update

- The CBE Monetary Policy Committee (MPC) held overnight deposit and lending rates at 15.75% and 16.75% respectively.
- Egypt records primary budget surplus of 0.5% of GDP in 7M18/19
- The government concluded the sale of 4.5% of Eastern Company for EGP1.7 billion
- Net International Reserves increased by 3.4% to reach USD44.1 billion
- Inflation stabilized at 14.2% in March

Strategy

- The EGX 30 index increased by 24.4% from its bottom in December reaching 15,106 point as of April 11th, 2019 yet we are still 17.7% below the peak of April 2018. We highlight that this coincided with MSCI EM increasing by 16.5% from its bottom reached in October yet it is still 14.5% below its peak of January 2018. We believe that Egypt constantly moves in the same direction as the MSCI EM index yet there might be lag of 2 to 3 months similar to what happened in 2018 when MSCI EM peaked in January while Egypt peaked in April, and the MSCI EM bottomed in October while Egypt bottomed in December. Therefore, the overall direction of the Egyptian market will be set by the outcome of the trade discussions between the US and China in addition to the Fed's outlook on interest rates.
- We believe that Egypt although moving in the same direction as MSCI EM, yet it should outperform the average index over the next year given the following:
 - ≡ Continuous improvement in economic indicators with Egypt achieving primary budget surplus for the first time in 15 years in addition to achieving GDP growth in the range of 5.5% in the next fiscal year.
 - ≡ The rationalization in oil prices improves Egypt's budget outlook and gives the government more freedom in adjusting the subsidies and reducing the overall budget deficit.
 - ≡ The CBE resumed its expansionary policy that started in 2018 but paused due to emerging market conditions, through cutting deposit and lending rates by 100 bps. Market is expecting another 200 bps cut during 2019 yet will be implemented towards the end of the year post absorbing the next energy price hike expected in July.
- Finally, we highlight that VEON Telecom submitted an offer to acquire minorities of Global Telecom in a deal that IF APPROVED by the regulator will result in expected proceeds in the range of EGP7.9 billion (USD450 million) to be reinvested in the market leading to decent inflows relative to the market average liquidity.

*EX30 Capped was published recently by Egyptian stock exchange to measure the performance of the most traded companies in accordance with the rules set for mutual funds. Constituents are capped quarterly so that the weight of each constituent will not exceed 15% of the total weight.