

Fund Manager's Strategy & Outlook

After three months of negative returns, the Egyptian stock market returned to the positive territory during the month of May 2015 post government announcement that the capital gains tax law implementation will be postponed for two years. The Egyptian stock market rebounded by almost 7% in the first day after the announcement and was able to close the month with positive returns. The fund achieved 2.5% monthly returns in May 2015 bringing its year-to-date performance to -7.8% versus -11.2% for the HFI index.

The Initial Public Offerings (IPO) pipeline resumed during the month with the leading developer of master planned communities Emaar Misr announcing raising a maximum of EGP 2.69 billion through offering 600 million shares to be listed on Egypt Stock Exchange. The company announced that 85% of the shares will be offered in a private placement to institutions and high net worth clients while the remaining 15% will be offered to retail investors. On the banking front, Commercial International Bank (CIB) announced 1Q2015 results with net profit increasing 38% year-on-year reaching EGP1.11bn. The bank's resilient results came on the back of improving interest income and a growing deposit base and loan portfolio. Talaat Moustafa Group (TMG) reported net income of EGP188mn in 1Q2015 showing 17% annual growth. The company's off-plan sales reached EGP1.83bn showing 109% increase compared to 4Q2014 and beating the company's target for the quarter by 21%. Juhayna Food Industries also reported strong results for the quarter with net income increasing 51% year-on-year reaching EGP65.2 million due to a strong margin recovery during 1Q2015.

On the economic front, Standard and Poors (S&P) updated its outlook on Egypt from stable to positive after witnessing gradual economic recovery in the country since 2014. The government announced expected GDP growth of 3% in 2H2014/2015 and a target growth of 5% in FY2015/2016 with a strong recovery in public and private investments along with a further cut in fuel subsidies by a minimum of 10%. Annual headline inflation decelerated to 11.0% in April 2015 compared to 11.5% in the previous month while core inflation remained flat at 7.2% over the same period.

The fund manager will maintain his core positions for the fund in selective banking, real estate and infrastructure plays. The fund is currently well positioned to benefit from supportive market fundamentals favoring these sectors over the coming period.

Tel: +20 2 3535 6528 / Fax: +20 2 3537 0924
 E-mail: AMsales@efg-hermes.com

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 *	2.5%
Year to Date	-7.8%
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 April 27, 2015 and May 18, 2015

Fund Information

NAV per share	USD 37.0
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	24
Beta	0.8
Sharpe Ratio	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	20.3%
T M G Holding	Real Estate	9.5%
Eastern Tobacco	Personal & Household	8.6%

Allocation By Economic Sector

