

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 34.1
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	0.1

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
May 2018	-7.3%
YTD	11.9%
1 Year	36.5%
5-YTD	25.7%
Since Inception	346.6%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 223.2% in EGP but it was affected by the sharp currency devaluation as shown above.

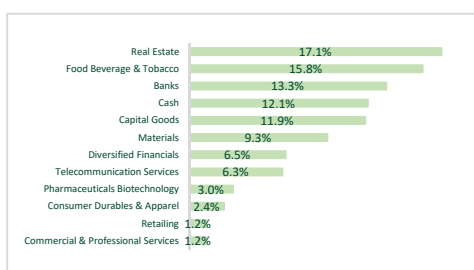
Top Holdings

Stock Name	Sector	Weight
Eastern Tobacco	Food Beverage & Tobacco	11.1%
Commercial International Bank Egypt	Banks	10.4%
El Sewedy Electric Co	Capital Goods	10.4%
Talaat Moustafa Group	Real Estate	7.9%
Sidi Kerir Petrochemicals	Materials	5.2%

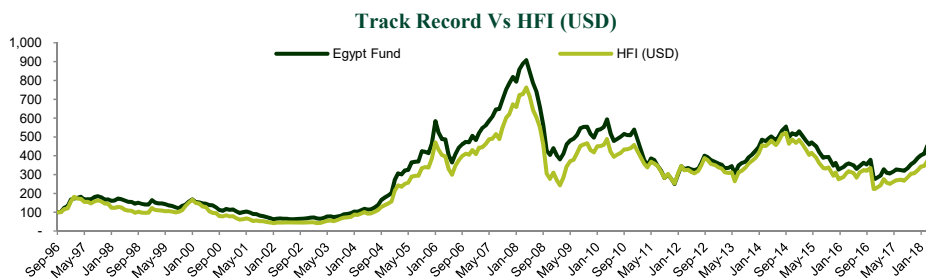
Performance Contributors (Monthly)

Stock Name	Sector
Egypt Kuwait Holding Co SAE	Diversified Financials
Alexandria Mineral Oils Co	Materials
Misir Fertilizers Production Co	Materials

Sector Allocation



* GICS Industry Group



Market Outlook

Market Commentary

- EGX30 ended May 2018 with a drop of 10.3% in EGP and 11.5% in USD terms, reducing YTD performance to 9.3% in EGP and 8.6% in USD terms. The market loss was due to strong outflows from emerging markets on the back of stronger USD and high oil prices causing concerns about future growth
- Foreigners were net buyers by EGP433 million, and Arabs were net buyers by EGP59 million thus keeping locals as the only net sellers by EGP492 million.
- The oil and gas related stocks were the market best performer due to the rally in oil prices as evident with Alexandria Mineral Oils (AMOC) increasing by 12.2%, Sidi Kerir Petrochemicals by 7.1%, Citadel Capital by 5.6% and EK Holding by 4.5%
- Real Estate sector underperformed the market with Madinet Nasr declining by 16.9%, Heliopolis Housing by 12.4% and Talaat Moustafa Group by 12.0%, given the high beta nature of such sector and the market correction witnessed during the month
- El Sewedy Electric plummeted by 16.7% especially after its strong rally over the previous months awaiting the MSCI Index inclusion. Selling pressure post inclusion were stronger than passive fund; driving the stock lower during the month for profit taking.

Economic Update

- The CBE maintained overnight deposit and lending rates stable at 16.75% and 17.75% respectively. We note that the CBE had cut rates by 2.0% in its last two meetings; however, the increase in oil prices over the past two months is leading to higher inflation risk so the MPC opted to pause its easing cycle.
- S&P Raised Egypt's Sovereign Rating to B from B- with a positive status up from stable
- Unemployment rate dropped to 10.6% in 1Q18 compared to 12.0% in 1Q17 and 12.7% in 1Q16.
- Net International Reserves Stable at USD44.1 Billion
- Inflation rate plunged to 11.4% in May down from 13.1% in April 2018

Strategy

- We believe that Egypt's equity market will witness a period of volatility given the negative sentiment in emerging markets, however, we believe that Egypt will outperform other emerging markets given its strong economic reform program leading to high growth potentials
- Therefore, we are concentrating the funds' investments in companies with strong balance sheet that allows them to utilize available opportunities in a growing economy with specific focus on the banking sector in addition to oil and petrochemicals.