

### 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 28.9
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

### Quantitative Data (Since Inception)

Standard Deviation	26.5%
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	ambusinessdevg@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 2019	-3.5%
YTD	8.6%
1 Year	-15.2%
5-YTD	-26.6%
Since Inception	278.6%

\*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 73.8% in EGP but it was affected by the sharp currency devaluation as shown above.

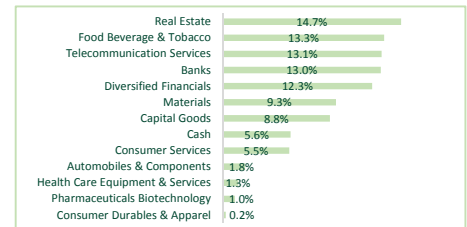
#### Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt SAE	Banks	11.5%
Global Telecom Holding SAE	Telecommunication Services	10.1%
Eastern Co SAE	Food Beverage & Tobacco	9.7%
Egypt Kuwait Holding Co SAE	Materials	8.8%
Egyptian Financial Group-Hermes Holding Co	Diversified Financials	7.5%

#### Performance Contributors (Monthly)

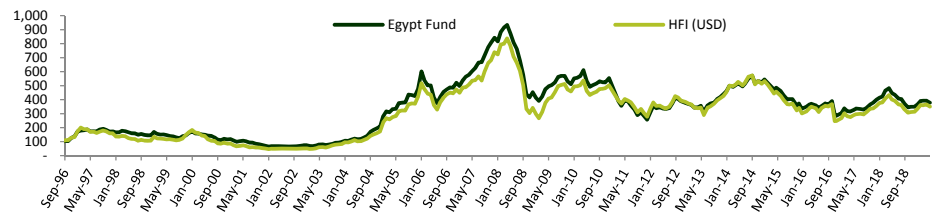
Stock Name	Sector
Egypt Kuwait Holding Co SAE	Materials
Global Telecom Holding SAE	Telecommunication Services
Credit Agricole Egypt SAE	Banks

#### Sector Allocation\*



\* GICS Industry Group

#### Track Record Vs HFI (USD)



### Market Outlook

#### Market Commentary

- The US and China trading war escalated during May causing turbulences across all emerging markets with EGX30 index losing 7.7% in EGP and 5.7% in USD; however, the YTD performance is still positive at 5.6% in EGP and 12.73% in USD. MSCI EM index also decreased in May by 7.5%.
- EGX30 Capped index also lost 8.3% in EGP and 6.2% in USD, recording YTD performance of +1.56% in EGP and +8.4% in USD.
- Local institutions were the only net buyers during the month with EGP314 million leaving Foreign and Arab institutions net sellers with EGP235 million and EGP16 million respectively.
- Palm Hills outperformed in May +2.5% a correction after the selling pressure in April 2019 as the stock moves in opposite direction with the real estate sector
- EFG Hermes increased by 0.6% due to the growth in the non-banking services (microfinance & leasing)
- Sidi Kerir was the highest underperformer -33.5% during the month due to weak results; in addition to the announcement of capital increase by offering rights issue in order to finance its new project
- Ezz steel underperformed by -26.0% on the back of weak global steel prices and high iron ore prices, in addition to the company high leverage
- Real Estate sector declined during the month with SODIC -24.0%, Heliopolis Housing -20.5%, Emaar -9.4% and TMG -7.8%. The decrease was parallel to the drop in EGX in May

#### Economic Update

- The CBE maintained overnight deposit and lending rates stable at 15.75% and 16.75% respectively
- Ministry of Planning stated that GDP growth reached 5.6% in 3Q18/19 compared to 5.4% in 3Q17/18. This growth was mainly driven by oil and gas extractions in addition to communications, and wholesale and retail trade
- The government announced a budget surplus of EGP35.5 billion representing 0.7% of GDP in the first 9 months of FY18/19 compared to a deficit of EGP7 billion in the same period of the FY17/18
- Net International Reserves inched upwards in May to reach USD44.3 Billion
- Inflation increased to 14.1% in May from 13.0% in April, considering Ramadan seasonality

#### Strategy

- EGX 30 index decreased by 7.7% during May thus eroding around 60% of the gains achieved in the first 4 months of 2019. This decline is mainly attributed to the resurface of the trade war between the USA and China which had negative impacts on all emerging markets with MSCI EM index losing 7.5% during May.
- Moreover, the delay in the FRA approval to Veon's bid to acquire Global Telecom is causing additional uncertainty among local investors that are already tight in liquidity.
- We still maintain our view that Egypt should be moving in the same direction of the MSCI EM index yet it should outperform due to better economic status among most emerging economies.
- Finally, we highlight that if the offer of VEON Telecom to acquire the minorities of Global Telecom is APPROVED by the regulator, this will result in expected proceeds in the range of 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.