

### Fund Strategy & Outlook

After the decision of liberalizing the EGP exchange rate, the Egyptian market showed a significant increase in its EGP performance by 36.7% and dropped by -32.0% in USD terms during November 2016 bringing the EGX30 overall 2016 return to 63.5% and -28.3% in EGP and USD respectively. Foreign investors were net buyers during the month by EGP3.62 billion, while local and Arab investors were net sellers by EGP3.16 billion and EGP463 million accordingly. The EFG-Hermes Egypt Fund lost 25.6% during the month versus 33.3% for the HFI Index.

Commercial International Bank (CIB) released its 9M16 results showing a 20.5% increase in net interest income from EGP5.87 billion in 9M15 to EGP7.07 billion in 9M16. This positive return came on the back of 18.5% growth in average interest earning assets. Net income also grew by 24.4% from EGP3.58 billion on 9M15 to EGP4.46 billion in 9M16. Eastern Tobacco Company released its 1Q16/17 results showing 12.0% growth in sales amounting to EGP1.92 billion. This rise was supported by the devaluation of the EGP, as their foreign brand sales are USD denominated. The company's net margin also increased to reach 22.3% compared to 21.5% in 1Q15/16. This improvement was due to the increase in interest income in 1Q16/17 as interest rates increased significantly during the quarter coupled by a high cash balance for the company. El Sewedy Electric also announced its 9M16 results reporting a 0.6% decrease in operational revenues reaching EGP15.43 billion. This was a result of the decline in turnkey projects by 3.6% from EGP5.26 billion to EGP5.07 billion. However, the company's net income grew by 144% reaching EGP2.35 billion due to a reduction in the tax rate from 26.7% in 9M15 to 18.4% in 9M16 in addition to an EGP204 million FX gain. Sidi Kerir Petrochemicals reported an increase by 9.7% in total sales from EGP2.04 billion in 9M15 to EGP2.24 billion in 9M16. This positive return was due to a higher polyethylene prices favored by local currency devaluation. However, gross profit decreased from EGP854 million in 9M15 to EGP647 million in 9M16 as the gas prices increased by 21%, which led to a higher costs while the net income declined by 18.3% reaching EGP543 million.

On the economic front, the Central Bank of Egypt (CBE) announced the liberalization of the exchange rate and stated that all restrictions on FX deposits and withdrawals and all FX limits on non-essential goods importers will be removed. The Monetary Policy Committee (MPC) also announced a 3.0% hike on overnight deposits and lending rates to be 14.75% and 15.75% respectively. In addition, National bank of Egypt and Banque Misr issued a 20% deposit certificate for 18 months to be paid quarterly and a 16% deposit certificate for 3 years and paid monthly. The IMF also approved a USD 12.0 billion loan to be repaid over 10 years with annual interest rate of 1.65% and paid the first installment of USD2.75 billion. Furthermore, fuel prices increased by a range of 30-45%, which is EGP22.0 billion of subsidy savings. Egypt's Net international Reserves decreased by 2.8% amounting to USD19.04 billion in October 2016, however, in November Egypt's Net international Reserves increased to reach USD23.3 billion following the first installment of the IMF loan. Annual headline inflation declined to 13.6% in October 2016 compared to 14.1% during the previous month.

The stock market showed a solid performance during the month of November, supported by the currency floatation decision, and confirming the manager's previous view on the anticipated market reaction to the decisions taken by the government. The fund manager remains optimistic on the prospects of the stock market. However, with the strong rally of the equity securities, the manager would realize gains in the fairly valued stocks currently in order to benefit from opportunities in other undervalued names that may arise.

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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 *	-25.6%
Year to Date	-22.2%
2015	-29.1%
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 October 31 2016 and November 28, 2016

#### Fund Information

NAV per share	USD 22.1
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	25
Beta	0.8
Sharpe Ratio	0.0

#### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	19.3%
Eastern Tobacco	Personal & Household	8.6%
Global Telecom Holding	Telecommunications	8.2%

#### Allocation By Economic Sector

