

Fund Strategy & Outlook

The Egyptian market continued its positive performance to reach a YTD return of 18.1% as of November 2017 after gaining a return of 1.7% in EGP and 1.1% in USD terms during November 2017. The market average daily turnover also grew to reach EGP1.40 billion. During the month, Food and Beverage and Telecommunication sectors were the best performers in the market. In addition, Eastern Tobacco Company, El Sewedy Cables and GB Auto stocks had the highest returns of 20%, 19% and 19% respectively. Arab and foreign investors were net buyers by EGP1.56 billion and EGP76 million respectively, while local investors were net sellers by EGP1.64 billion. The EFG-Hermes Egypt Fund gained 3.6% during the month versus 1.1% for the HFI Index.

It is worth mentioning that Veon Holdings submitted a tender offer to purchase the 42.3% free float of Global Telecom at a price of EGP7.9 per share. However, the offer is yet to be approved by the Financial Regulatory Authority (FRA).

Commercial International Bank (CIB) announced its 9M17 financials showing a 31.8% increase in net interest income to reach EGP9.3 billion up from EGP7.1 billion in 9M16. This came on the back of 39.6% growth in average interest earning assets. Net Income also grew by 26.7% amounting to EGP5.6 billion. In addition, Eastern Company released its results of 1Q17/18 showing a solid growth of 65.7% in operating income reaching EGP3.2 billion due to the high prices post flotation. The company's net income hiked by 143.7% from EGP0.4 billion to EGP1.0 billion. Moreover, El Sewedy Cables released its 9M17 results showing a 108.2% increase in operating revenues amounting to EGP32.1 billion. On the other hand, operating expenses increased by 114.7% to reach EGP27.0 billion as a result the company's bottom line reached EGP4.6 billion with a 94.2% growth. On the real estate front, TMG holding showed an increase in contract sales in its 9M17 results reaching EGP9.7 billion. EPICO also announces its 9M17 financial results with a strong increase of 47.6% in net income reaching EGP543 million.

On the economic front, the CBE raises the entrance fee of its repatriation mechanism for foreign portfolio investors by 1.0% while maintaining the exit fee at 0.5%. The CBE's Monetary Policy Committee (MPC) maintained overnight deposit and lending rates at 18.75% and 19.75% respectively. In addition, the CBE removed the FX limits on importing non-essential goods. The Ministry of planning announced a 1.9% drop in Egypt's budget deficit; Egypt's GDP also grew to reach 5.2% in 1Q17/18 compared to 3.4% in 1Q16/17. Furthermore, Egypt's Net International Reserves continued its growth amounting to USD36.7 billion in October 2017. Egypt's inflation rate also decreased to 30.8% in October 2017.

The fund manager extends his overall exposure and stock allocation strategy for the coming period maintaining the preference towards sectors benefitting from the anticipated interest rate cuts and the continued improvement in GDP growth.

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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 *	3.6%
Year to Date	32.6%
2016	-23.4%
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 30, 2017 and November 27 2017

Fund Information

NAV per share	USD 28.9
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	22
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banks	14.1%
Eastern Tobacco	Personal & Household Products	11.6%
ElSewedy Electric Co	Industrial Goods and Services and Automobiles	11.6%

Allocation By Economic Sector

