

Fund Manager's Strategy & Outlook

The market witnessed a good rally during the month, with the security situation improving and confidence levels remaining high. The government as well has been moving to improve the economic conditions of the country. This was well received by local institutions who have started to reinvest more money in the market. The market saw the biggest monthly return since the beginning of the year, reaching its highest point since the 2011 turmoil. Blue-chips benefited the most over the month with the fund gaining 6.2% bringing its year to date performance to 7.1% and outperforming the HFI index by 4.4%.

The telecom sector dominated the news. Global Telecom Holding announced that its Algerian subsidiary Orascom Telecom Algeria has been awarded one of the three provisional 3G licenses offered in Algeria. The license will cost USD 40 million and will be valid for 15 years. In reaction, the name saw a bounce of 7.1% during the month. As for Telecom Egypt, Vodafone Group (VG) expressed interest in the company's 45% stake in Vodafone Egypt (VFE), however VG has not made an offer yet. The stock did react well to the news, but shed most of its gains towards the end of the month; ending up 0.8%. On a separate note, Eastern Tobacco approved the distribution of EGP 7.75/share in cash dividends offering approximately 8.0% dividend yield for the stock.

On the economic front, the Egyptian economy recorded 2.1% annual growth for the fiscal year 2012/2013 versus 2.2% a year earlier. Government spending increased 24% during the fiscal year reaching EGP 582.7 billion. The government is mulling to gradually reduce energy subsidies in the coming years and is working on revised plans for the stamp tax, value added tax and, property tax. Meanwhile, the country received an additional aid of USD 2.9 billion from the UAE, while negotiating the extension of the Kuwaiti loan repayment to 5 years. As for economic figures, net international reserves shed USD 0.2 billion to reach USD 18.7 billion by the end of September. Moreover, inflation climbed to 10.1% from 9.8% a month earlier.

The fund capitalized on higher equity exposure during the month capturing the strong rally in prices. Nevertheless, the investment manager will be re-shuffling the fund's holdings through focusing on defensive names and high quality laggards with core value. The manager will also keep an eye on changes on the political front, with the constitution referendum in the pipeline.

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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	6.2%
Year to Date	7.1%
Q3 2013	21.0%
Q2 2013	-8.6%
Q1 2013	-8.9%
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%

Fund Information

NAV per share	USD 30.8
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	21
Beta	0.81
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.3
Global Telecom	Telecom.	14.6
Telecom Egypt	Telecom.	9.7

Allocation By Economic Sector

