

Fund Manager's Strategy & Outlook

The market took a heavy beating during the month of October 2014 after 3 consecutive months of positive momentum and revived activity. The downfall came on the back of renewed correlation with global markets followed by rising anxiety from local investors. The fund continued to outperform the HFI index by 1.1% albeit the downward trend during the month bringing its year to date performance to 17.0%.

Company announcements during the month were minimal and overshadowed by international and local market developments. Six of October for Development and Investment Company (SODIC) announced that total sales in 9M2014 were EGP2.2bn and expected to reach EGP2.7bn by the end of 2014. The company also announced that the total investment cost of its New Cairo Project will reach EGP7.1 with an expected return on investment of 27%. Eastern Company announced 1Q2014/2015 results showing a strong 39% year-on-year growth in revenue reaching EGP1.6 billion due to the increase in prices. The company's earnings followed suite showing a robust 179% annual growth reaching EGP270 million. The company also announced the distribution of a dividend per share of EGP8.5 showing a dividend yield of 4.8% for its FY2013/2014 results. Arabian Cement Company announced its 3Q2014 results showing 25% year-on-year increase in revenues reaching EGP632 million. The increase came on the back of higher ex-factory prices during the quarter while company's sales grew 7% over the same period.

Moody's revised outlook on the Egyptian economy from negative to stable was the highlight of month. The improved rating came on the back of stabilized political situation, government initiatives towards fiscal consolidation and continued strong support from GCC countries. Annual headline inflation decreased slightly to 11.1% in September 2014 versus 11.15% in August 2014 while core inflation dropped to 9.1% from 10.1% over the same period. Net international reserves inched up to USD16.9bn in October 2014 after the repayment of the USD500 million Qatari deposit was offset by a USD 1 billion grant from Kuwait as a budget support.

The fund manager will maintain the current level of equity exposure for the fund over the coming period. The fund is well positioned to benefit from the upcoming milestones on the political and economic fronts specially the highly anticipated Egypt Economic Conference scheduled early 2015.

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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	-10.0%
Year to Date	17.0%
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%

Fund Information

NAV per share	USD 39.3
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	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	17.5%
T M G Holding	Real Estate.	8.4%
Global Telecom	Telecom.	8.0%

Allocation By Economic Sector

