

Fund Strategy & Outlook

The Egyptian market showed a 6.4% increase during October 2016 bringing the EGX30 overall 2016 return to 19.7%. This positive return was in anticipation of closing an IMF loan agreement and applying fiscal economic reforms. Arab investors were net buyers during the month by EGP183 million, while local and foreign investors were net sellers by EGP142 million and EGP41 million respectively. The EFG-Hermes Egypt Fund gained 6.9% during the month versus 4.7% for the HFI Index.

Eastern Tobacco Company released its FY15/16 results showing 16.0% increase in net income amounting to EGP1.5 billion. This rise was supported by topline growth, margin stability and improved net interest income. The revenues also grew by 8.0% reaching EGP7.6 billion. Madinet Nasr Housing announced its growth in contracted sales for the 3Q2016 reaching EGP1.3 billion, which is 3.8x compared to 3Q2015. Moreover, the board of directors of El Sewedy Cables approved a buyback of 5 million treasury stocks divided into two tranches. The first one was buying 3.6 million shares at EGP62.5 per share and the second one was buying 1.4 million shares at the same price; the buyback was fully executed on 25 October. This was mainly to utilize the company's excess EGP cash. The company confirmed that this would not impact its key performance indicators (KPIs) for 2016.

On the economic front, Egypt has successfully collected 60% of the USD6.0 billion prerequisite financing required by the IMF in order to approve the loan. The government also expects to sign final approval of the IMF loan within two months. Before year-end, Egypt is also expecting to receive the second tranche of the USD3.0 billion World Bank loan amounting USD1.0 billion. Furthermore, Egypt signed a currency swap agreement worth USD2.7 billion with China. Egypt's Net international Reserves grew by 18.3% to reach USD19.6 billion at the end of September 2016, the increase was mainly on the back of external financial support. Inflation rate decreased from 15.5% as of August to 14.1% as of September 2016.

As the Egyptian Government fulfilled the main IMF requirements to provide Egypt with the USD12 billion loan, the fund manager expects that we should be reaching a final loan agreement with the IMF on the short term. Accordingly, the fund manager maintains his stock allocation and equity exposure strategy to benefit from upward market movements post announcement.

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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 *	6.9%
Year to Date	4.5%
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 September 26 2016 and October 31, 2016

Fund Information

NAV per share	USD 29.7
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	27
Beta	0.8
Sharpe Ratio	0.07

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	15.7%
Eastern Tobacco	Personal & Household	10.8%
Global Telecom Holding	Telecommunications	9.9%

