

Investment Objective

The principal investment objective of the fund is long term capital appreciation through achieving the highest possible risk-adjusted returns.

Investment Universe

- The fund invests principally in listed securities of companies that are established or doing a substantial part of their business in Egypt
- The fund is allowed to invest in listed securities in the MENA region up to 20% of the fund's Net Asset Value and based on the fund manager's outlook.

Subscription/Redemption

- ≡ The fund offers weekly liquidity to investors.
- ≡ The valuation day for the fund is Monday of every week (subject to be a business day in Egypt, Bahrain & Bermuda).
- ≡ There is no Entry/Exit load applied by the fund manager.
- ≡ Minimum initial investment is USD10,000.
- ≡ Minimum additional investment is USD1,000.

Fund Details

Type of scheme	Open Ended
Inception date	August 1996
Share price	USD 30.2
Listing	Irish Stock Exchange
Index of reference	Hermes Financial Index
Bloomberg Ticker	EFGHEGY BH
ISIN	BMG2948Y1093

Quantitative Data (Since Inception)

Standard Deviation	26.3%
Beta	0.8
Sharpe Ratio	0.1

Fund Manager

Management Company	EFG Hermes Asset Management
Fund Manager	Nabil Moussa
Managing Since	June 2012
Contact Person	Ahmed Shalaby
Telephone	+20235356536
Mobile	+201005407086
E-mail	ambusinessdeveg@efg-hermes.com

Fund Administrator

Fund Administrator	HSBC Middle East (Bahrain)
Contact Person	Lohit Nayak
Telephone	+973 1756 9567
Fax	+973 1756 9574

Portfolio

Performance Figures

Date	Return
October 2019	-1.0%
YTD	13.4%
1 Year	14.7%
5-YTD	-23.1%
Since Inception	295.5%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 73.4% in EGP but it was affected by the sharp currency devaluation as shown above.

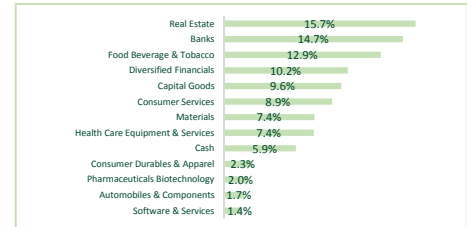
Top Holdings

Stock Name	Sector	Weight
Commercial International Bank Egypt SAE	Banks	13.1%
Eastern Co SAE	Food Beverage & Tobacco	9.8%
Egyptian Financial Group-Hermes Holding Co	Diversified Financials	7.9%
Egypt Kuwait Holding Co SAE	Materials	7.4%
Talaat Moustafa Group	Real Estate	6.7%

Performance Contributors (Monthly)

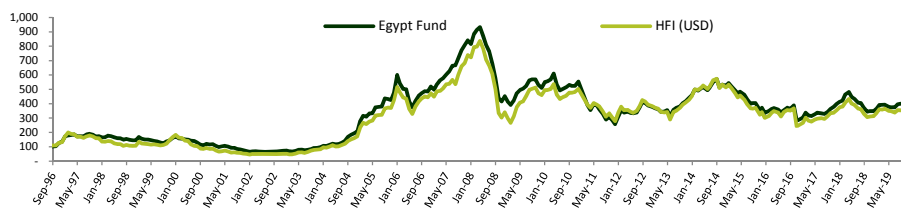
Stock Name	Sector
Commercial International Bank Egypt SAE	Banks
Heliopolis Housing	Real Estate
Cleopatra Hospital	Health Care Equipment & Services

Sector Allocation*



* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary & Strategy

≡ The EGX 30 CAP index increased by 16.2% in the first 10 months of 2019 significantly outperforming emerging markets main index MSCI EM that advanced by 8.6% only during the same period. Egypt's outperformance was mainly on the back of three main factors:

- 1) The CBE resuming its easing cycle that started in 2018 and was later paused due to emerging markets selloff with rates being cut by 350 bps so far in 2019.
- 2) The execution of VEON Telecom tender offer to acquire the minority stake in Global Telecom thus releasing around EGP8.0 billion of fresh liquidity into the market.
- 3) Continuous improvement in economic indicators with the government showing strong commitment to reducing its budget deficit.

≡ We still believe that Egypt will keep outperforming emerging markets in the foreseen future given its current growth profile and cheap valuation multiples that are trading below its historical average given the high interest rate environment that prevailed following the floatation of the Egyptian pound. However, given that the CBE already is more than half way through the easing cycle cutting rates by 550 bps over 2018 and 2019; with expectations of an additional 100 to 150 bps cut before end of 2020, we believe that Egypt should start moving north towards its historical multiples.

Economic Updates

- ≡ Egypt's Ministry of Planning announced that GDP grew by 5.6% in 1Q19/20 compared to a growth of 5.3% in the corresponding quarter of the fiscal year 2018/2019. We highlight that the government is targeting 6.0% GDP growth for the full fiscal year 2019/2020.
- ≡ The CBE signed an agreement with Saudi Fund for Development to extend the maturity of its USD6.0 billion deposits until 2022. We highlight that total Saudi deposits in with the CBE were USD7.5 billion as of December 2018.
- ≡ The government announced cutting natural gas prices for the following industrial sectors: Steel Industry (Reduce Gas Prices to USD5.5 per MMBTU down from USD7.0 per MMBTU) and Cement Industry (Reduce Gas prices to USD6.0 per MMBTU down from USD8.0 per MMBTU).
- ≡ Net International Reserves inched upwards from USD44.97 billion to USD45.12 billion thus slightly improving import coverage ratio from 8.0 months to 8.1 months.
- ≡ Inflation kept its declining momentum down to 4.8% in September, which is considered the lowest figure in more than 6 years. The drop was mainly driven by notable slowdown in food inflation to an almost all time low of 0.3% YoY.