

Fund Manager's Strategy & Outlook

The market saw good gains during the month of September. Confidence levels, especially within local retail investors, have been increasing gradually. The government has been implementing the set road map, which in turn positively reflected on the market. Moreover, decreases in interest rates by the Central Bank of Egypt (CBE) combined with more aid coming from neighboring GCC countries helped giving the market a further push. Despite the rally being driven by retail investors, focusing on small and medium caps, the fund managed to give a return of +0.9% compared to -3.3% for the HFI on YTD basis.

A number of real estate companies dominated the news over the past month, with SODIC and Nasr City Housing reporting their Q2 results. The earlier showed an increase in net income, with EGP 45 million compared to EGP 7 million in Q1. The latter saw an increase in earnings of +113% year on year, beating market expectations. The results came on the back of its Waha project sales and deliveries, Taj Sultan sales, and improved margins. Meanwhile, Talaat Moustafa Group (TMG) is in negotiations with three banks for an EGP 1.8 billion long-term syndicated loan, to be used to finance ongoing work in the company's Rehab project. As for the telecom sector, Orascom Telecom Holding Bangladeshi subsidiary was officially among the winners of the 3G spectrum auction conducted by the Bangladesh Telecommunication Regulatory Commission. The company has recently changed its name to Global Telecom Holding; as part of the WIND Telecom and VimpelCom merger.

Recent economic developments have been a cause of optimism. Financial aids and grants from the GCC countries helped the CBE hold an exceptionally large FX auction; USD 1.3 billion, while maintaining stability on the Net International Reserves. In addition, the CBE also reduced interest rates by 50 bps to support economic growth. Moreover, inflation has eased to 9.8% over the month of August. Positive progress has also been made on the political front, as the government named the 50-member constitutional assembly, and gave it 60 days to review amendments to the constitution.

Given the improved sentiment on the economic and political fronts, the fund manager shall be slightly increasing the equity exposure level of the fund across the board. However, focus will remain on blue chips and the rather more defensive names, as to be more cautious, given the volatility of the economic and political situations.

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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	2.2%
Year to Date	0.9%
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 29.01
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	0.04

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	15.2
Global Telecom	Telecom.	13.9
Telecom Egypt	Telecom.	9.8

Allocation By Economic Sector

