

Fund Manager's Strategy & Outlook

Despite much volatility over the course of the month, the market was able to continue its upward momentum and ended the month of September with gains. Company news, mainly in the real estate sector, combined with more economic developments to lift the market higher by the end of the period. The fund managed to outperform the HFI as it rallied 3.83% for the month, while the HFI gained 1.67%.

In company news, the real estate sector dominated with a number of positive announcements. Egypt's administrative court suspended a court case requesting the annulment of the allocation of 3 million sqm of land in Marsa Allam for Talaat Mostafa Group's Porto Venice. This helped the stock soar a whole 10% over the month. As for Sixth of October for Development and Investment (SODIC), the company received approval from the Egyptian Financial Supervisory Authority (EFSA) to invite shareholders to subscribe to its EGP 1.0 billion rights issue. The company plans to increase its capital by 250.0 million shares at EGP 4.0/share par value and an issuance fee of EGP 0.06/share. EFSA also approved the separate trading of the rights. Meanwhile, Madinet Nasr for Housing & Development announced that it is set to deliver phase one of Tag Sultan in October 2015. So far the company achieved sales of EGP1.4 billion from phase one of the project and is targeting total sales of EGP2 billion. As for the telecom sector, the government approved the issuance of a unified landline and mobile license, opening the way for Telecom Egypt to offer mobile phone services. The government gave Telecom Egypt until the end of 2015 to sell its 45.0% stake in Vodafone Egypt.

On the economic front, the main highlight was the issuance of the Suez Canal investment certificates. The certificates offered annual interest of 12% over five years and the total proceeds from its sale came above the amount the government was looking to raise; reaching EGP 64 billion. The certificates issue attracted EGP27 billion of fresh cash from outside the banking system and even helped ease FX pressure, as USD1.5 billion of foreign currency deposits were exchanged into local currency to purchase the certificates. Meanwhile, the government signed a USD500 million loan with the World Bank to provide natural gas in rural Upper Egypt. As for net international reserves (NIR), it saw a slight increase to reach USD16.8 billion in August, while inflation continued to increase reaching 11.5% in August from 11% in July.

The fund manager will trim his exposure in high beta names and follow a more cautious approach, while being selective in his stock picks, after the recent market hike. The fund manager remains positive on the long term and will maintain a well-diversified portfolio that is set to benefit from the ongoing economic developments.

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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	3.8%
Year to Date	30.0%
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 43.6
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	23
Beta	0.8
Sharpe Ratio	0.2

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	18.0%
T M G Holding	Real Estate.	10.3%
Global Telecom	Telecom.	8.3%

Allocation By Economic Sector

