

Fund Manager's Strategy & Outlook

The month of September 2015 witnessed some volatility due to mixed news on economic and political fronts. One of the market downturns this month was due to the implication of the need to devalue the EGP announced by the Investment minister, yet the market bounced back after the new cabinet sworn in and after ENI announced its development plan. The EFG-Hermes Egypt Fund outperformed HFI by 1.4% with returns of 0.8% versus -0.6% for the index.

El Sewedy Electric reported an impressive set of results for 2Q2015 on top and bottom line levels with revenues of EGP7.1bn and net profits amounting to EGP439m compared to EGP110m a year earlier and EGP239m a quarter earlier. Telecom Egypt is currently in talks with Mobinil to reach an amicable settlement of disputed interconnection fees, TE-Data also received the NTRA's approval to lower internet prices helping the company gain further market share. EFG Hermes Holding has been selected to promote and manage the initial public offering (IPO) of Cairo for Development and Automotive Industry (CDCM) owned by Arabia Investments, Developments and Financial Investment Holding Company that is expected to take in 1H2016. Global Telecom has announced that it's moving its headquarters to Amsterdam allowing it to optimize its organizational structure in addition to cutting costs.

On the economic front, the Central Bank of Egypt's Monetary Policy Committee (MPC) kept the benchmark overnight-deposit rate and the overnight-lending rate unchanged at 8.75% and 9.75% respectively. The annual inflation rate decreased to 7.9% in August 2015 compared to 8.3% in July 2015. Net international reserves fell by USD 438m to USD18.1m due to the absence of exceptional inflows. Yet, investment inflows into Egypt have increased during 1Q FY2015/2016 from USD2.7bn to USD4.5bn during 4Q FY2014/2015. The government reported a balance of payment (BoP) surplus of USD 3.7bn in FY2014/2015 compared to USD1.5bn a year earlier, this came on the back of an increase in net flows and the depositary aid received from a number of GCC countries.

Due to the ongoing market volatility, the fund manager will maintain a large cash position with the same level of exposure and the same stock diversification that includes defensive names and undervalued high beta names.

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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 *	0.8%
Year to Date	-23.1%
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 August 31, 2015 and September 21, 2015

Fund Information

NAV per share	USD 30.85
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	24
Beta	0.8
Sharpe Ratio	0.1

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	17.4%
Eastern Tobacco	Personal & Household	11.1%
T M G Holding	Real Estate	7.4%

Allocation By Economic Sector

