

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 30.5
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	ambusinessdevg@efg-hermes.com

Fund Administrator

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

Performance Figures

Date	Return
September 2019	0.9%
YTD	14.6%
1 Year	7.6%
5-YTD	-30.0%
Since Inception	299.7%

*EFG Hermes Egypt Fund achieved a strong 5-YTD return of 59.4% 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	12.4%
Eastern Co SAE	Food Beverage & Tobacco	10.2%
Egyptian Financial Group-Hermes Holding Co	Diversified Financials	8.2%
Egypt Kuwait Holding Co SAE	Materials	7.5%
ElSewedy Electric Co	Capital Goods	6.8%

Performance Contributors (Monthly)

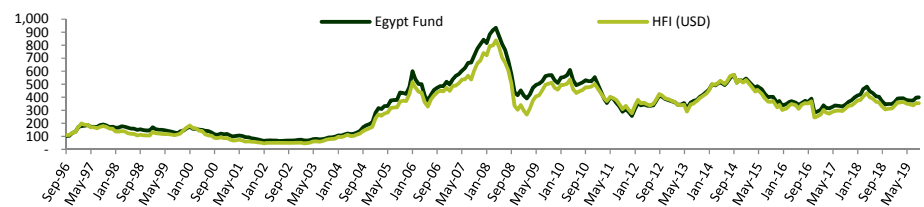
Stock Name	Sector
Eastern Co SAE	Food Beverage & Tobacco
Cairo Investment & Real Estate Development Co SAE	Consumer Services
Egyptian Financial Group-Hermes Holding Co	Diversified Financials

Sector Allocation*

Real Estate	16.2%
Banks	13.9%
Food Beverage & Tobacco	12.9%
Diversified Financials	10.6%
Capital Goods	9.8%
Consumer Services	8.8%
Materials	7.5%
Health Care Equipment & Services	6.4%
Cash	5.2%
Consumer Durables & Apparel	2.0%
Pharmaceuticals Biotechnology	2.0%
Automobiles & Components	1.7%
Software & Services	1.5%
Telecommunication Services	1.2%

* GICS Industry Group

Track Record Vs HFI (USD)



Market Outlook

Market Commentary & Strategy

- The Egyptian market underperformed emerging markets in September ending the month down 3.9% compared to an increase of 1.7% in MSCI EM main index. We believe that this is a normal correction given that the Egyptian market accelerated by 9.4% YTD which translates to +20.4% in USD terms given that the Egyptian Pound appreciated by around 10.1% since the beginning of the year compared to a limited increase of 3.7% in MSCI EM main index.
- We highlight that the correction was partially elevated by calls of protest causing some investor concern towards political unrest leading the market to decline by 11.2% from 14,835 points to 13,170 points. However, the failure for the call of demonstrations calmed the market and it rebounded back +8.3% to 14,258 points thus ending the month down 3.9% only.
- 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 started the easing cycle cutting rates by 450 bps over 2018 and 2019 with expectations of an additional 150 bps cut before the end of 2020, we believe that Egypt should start moving north towards its historical multiples.

Economic Updates

- The CBE Monetary Policy Committee (MPC) decreased overnight deposit and lending rates by 100 bps to 13.25% and 14.25% respectively implying total cuts of 350 bps in 2019, and 550 bps since the beginning of the easing cycle in February 2018
- Egypt's Current Account Deficit Increases by 37.4% to USD8.19 Billion in FY18/19
- Moody's Maintains Egypt's Credit Rating at B+ with Stable Outlook
- Finance Ministry Liberalizes Customs Exchange Rate for All Commodities
- Net International Reserves Stable at Around USD45 Billion as of September 2019
- Inflation kept its declining momentum down to 7.5% in August, which is considered the lowest figure since August 2015