

## Quarterly report Q3-2025

### 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 mainly in securities of companies listed on the Egyptian Stock Exchange
- All investments must be approved by the Sharia Board of the fund
- The fund can also invest in treasury bills, treasury bonds, corporate bonds, securitization bonds and time deposits.

### Subscription/Redemption

- The fund offers weekly liquidity to investors
- The valuation day for the fund is the first business day of every week

### Fund Details

Type of Scheme	Open Ended
Inception date	December 2004
IC price	EGP 376.09
Dividends Since Inception	EGP 85.75
Bloomberg Ticker	EFGFISL
Reuters Lipper Code	65077570

### Fund Manager

Management company	Hermes Fund Management
Fund Manager	Nabil Moussa

### Contact Details

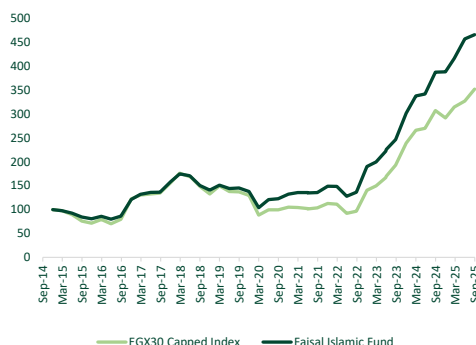
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## Portfolio

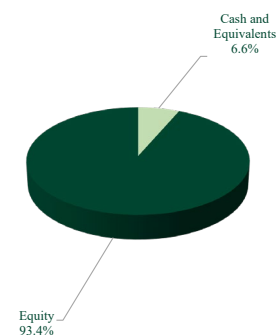
### Performance Figures

Date	Return
Q3-2025	1.9%
YTD	20.1%
2024	28.7%
2023	58.7%
5-YTD	280.3%
Since Inception	599.9%

### Relative Performance



### Asset Allocation



## Market Outlook

### US Market

The US market maintained its upward trend in 3Q25 advancing 7.8% with the S&P reaching 6,688 points implying 13.7% YTD gain. We note that 2025 has been one of the most volatile years in the US market with investors starting the year optimistically based on the new administration plans to deregulate the economy and apply a fiscal expansionary policy. As a result, the market increased by 4.5% from the beginning of the year till February 19th whereby the S&P recorded an all-time high of 6,144 points. However, with the intensifying of trade war prospects between the US and its key trading partners; investors started to fear uncertainty towards growth potentials in light of corporates starting to suffer from higher input costs which led to decision to halt most expansion plans until the uncertainty is cleared. As a result, the market witnessed a strong correction declining 20.6% from the all-time high during the period February 19th to April 8th whereby the S&P fell to 4,876 points implying 17.1% decline from the beginning of the year. This decline led the US administration to pause new tariffs for 3 months, and started a new tactic of negotiating with key trading partners which calmed the market along with most big corporates publishing strong quarterly results supported by AI innovations and development. Therefore, investors sentiment turned positive and the market rallied by 37.3% during the period April 8th to September 22nd to reach an all-time high of 6,694 points. The market afterwards remained stable inching down 0.1% in the remaining sessions of the quarter to close the first nine months of 2025 at 6,688 points implying 13.7% YTD gain.

### Emerging Markets

Emerging markets outperformed the US market in 9M25 for the first time in several years advancing by 25.2% supported by China's market post the introduction of DeepSeek as a strong AI innovation; whereby the Chinese market increased by 38.1% while representing around 30% of MSCI EM. This outperformance was mainly on the back of three main reasons:

- The USD weakened against other major currencies by 9.9% during 9M25, which bodes well for economic growth in emerging markets.
- The Fed is in an easing cycle which also bodes well for economic growth in emerging markets.
- Chinese stocks were trading at very depressed valuation at the end of 2024, so with the introduction of DeepSeek as an AI innovation along with gradual improvement in the economy this had to be reflected in the prices of Chinese equities.

### Egyptian Market:

The Egyptian market increased by 23.3% during the first nine months of 2025 moving in line with the upward trend of emerging markets. We also note that corporates operating income increased by 25.3% during 1H25 implying that the market trading multiple is stable. We expect operating income in 2025 to grow in the range of 30 – 35%, and that the market will increase at a similar rate or even at a higher pace given that we are already trading at significant discount to our historic average. The market is currently trading at P/E (25e) of 6.0x implying around 33% discount to its 5-years average of P/E of 9.0x. We believe that the market is lacking a clear catalyst given that local investors are already heavily exposed to the market; while foreign investors presence is muted at around 7% of turnover compared to around 15% at the end of 2021. We believe the market has limited downside from here given that the market is already trading at below historic multiples, and so far, the market performance is not surpassing earnings growth thus keeping its cheap valuation.