

Fund Manager's Strategy & Outlook

The market witnessed revived activity during May on the back of bargain hunting at depressed levels. Despite the overhang on the political front, investor confidence experienced a boost owing to announcement of foreign aid packages from the GCC and international institutions that have pledged their support to the Egyptian economy in the coming period in an attempt to bridge the current funding gap. The Fund gained a whopping 11.5% in May bringing its year-to-date returns to -28.3%.

Several companies announced 1Q2011 results. Commercial International Bank (CIB) reported a 42% year-on-year drop in net income mainly owing to higher provisions. The bank's core banking income remained resilient owing to continued growth in loans and deposits, margins and NPLs ratio. National Societe Generale Bank (NSGB) reported a 3% year-on-year increase in net profit amounting to EGP364mn, on the back of lack of goodwill amortization during the quarter vs. 1Q2010. Orascom Construction Industries (OCI) reported strong 1Q 2011 results with revenues growing 28% year-on-year reaching USD1.26bn mainly driven by the company's fertilizers business that witnessed strong demand throughout the quarter in addition to high non-operating performance coming from investment income and FX gains. Talaat Mostafa Group reported a drop in net income of 48% year-on-year while demonstrating a huge quarter-on-quarter increase in net income of 122% due to higher recognition of revenues as the company starts to deliver units in its mega project, Madinaty. Sidi Kerir Petrochemicals reported year-on-year increase in sales of 20% during the quarter on the back of higher polyethylene prices while net income before tax grew 28% year-on-year due to high utilization rates and non-operating income.

On the economic front, the country's GDP growth rate contracted 4% in the 3rd quarter of the fiscal year 2010/11, as expected, owing to disruptions in business activity. Foreign currency reserves continued their decline in May, although at a much decelerated rate, to reach USD27billion and as foreign investments dropped 26% year-on-year in 1Q2011.

The fund manager's strategy will continue to position for expected short term volatility while stock picking underperformers of the market that are witnessing medium term triggers.

EFG-Hermes Asset Management

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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		11.5%
Year To Date		-28.3%
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 30.32
Launch Date		August, 1996
Listing		Irish Stock Exchange
Structure		Open Ended
Management fee		1.75%
Minimum Subscription		USD 10,000
Subscription/Redemption		Monthly

Fund Identifiers

ISIN		BMG2948Y1093
Sedol		0-306-504
Reuters Code		LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15
Bloomberg Ticker		EFGHEGY BH

Fund Characteristics

No. of Holdings		19
Beta		0.79
Sharpe Ratio		0.15

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	16.0%
Orascom Construction Industries	Construction	14.1%
Talaat Mustafa Group	Real Estate	10.3%

Allocation By Economic Sector

