

In April 2006, the market weathered fairly well the effect of the Sinai bombings and the HFI shed a mere 1.7% over the month. We maintain our cautious equity allocation strategy focusing on high growth stocks along with stocks that are set to benefit from anticipated economic and regulatory reforms. Your fund's year-to-date return amounts to 4.6%, outperforming the HFI's return by 1.9%.

The largest positive contributor to the fund's performance this month was the housing stock Sixth of October Development and Investment (SODIC), in which we had successfully built a position over the preceding period. The stock's price appreciated more than 25% in April 2006 with the company posting impressive 2005 results which reflected a turnaround in its performance. Net profits recorded EGP 41.3 million in 2005 as opposed to a loss of EGP 38.3 million in the previous year on the back of stellar recovery in its top line which reached EGP 153.9 million, up from EGP 8.2 million in 2004.

In line with our expectations, the construction and cement conglomerate, Orascom Construction Industries (OCI), announced its 2005 consolidated results whereby net income reflected a 54% growth to record EGP 1.7 billion. The company's consolidated revenue line maintained its double digit growth rate which reached 33% to record EGP 11.4 billion versus EGP 8.6 billion in 2004. OCI's management remained confident of the company's future performance banking on significant growth in all business segments via the addition of cement capacity, execution of various construction and infrastructure projects along with the newly integrated fertilizers segment.

Your banking stocks continued to display positive performance during the month with news of the eminent sale of the first public sector bank, Bank of Alexandria. Moreover, the Commercial International Bank of Egypt (CIB) announced its first quarter 2006 results whereby net income surged 31% to EGP 188 million compared to EGP 143 million in the first period of 2005.

News of contenders for Egypt's third mobile license occupied center stage in the telecom sector, in the past month. The National Telecom Regulatory Authority announced it had received eleven bids by early May. Telecom Egypt (TE) announced partnering with Telecom Italia to bid for the 3<sup>rd</sup> license while other bidders included Norway's Telenor, Kuwait's MTC, Etisalat and Turkcell.

On the economic front, inflation and GDP growth rates for the second quarter of the fiscal year 2005/06 recorded 3.1% and 6.1% versus 17.8% and 4.7% respectively during the same period of the previous year. In addition, foreign reserves came in at US\$ 22.5 billion in March 2006, up from US\$ 18.0 billion in March 2005. The Monetary Policy Committee of the Central Bank of Egypt (CBE) maintained its monetary expansionary strategy by reducing deposit and lending rates by 25 basis points to 8% and 10% respectively.

### Objective

The principal objective of the fund is long term capital appreciation through investing in Egyptian equity and equity related securities.

### Fund Information

NAV per share	USD 38.81
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

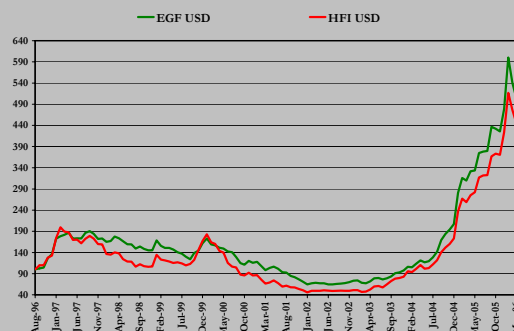
### Investment Information

Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15, MLSV
ISIN Code	BMG2948Y1093

### Fund Performance

Trailing Returns		Risk Overview	
YTD	4.6%	No. Years ▲	7
1 Month	-0.3%	No. Years ▼	3
3 Months	-16.6%	Best Yr ▲	130.7%
1 Year	51.0%	Worst Yr ▼	-39.2%

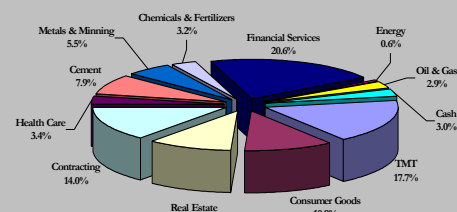
### EGF Relative Performance



### Top 5 Holdings

Holding	% Holding
Orascom Telecom	15.8%
Orascom Construction Industries	14.0%
Commercial International Bank	7.5%
Orascom Hotels & Development	6.2%
EFG-Hermes	5.7%

### Asset Allocation



### ENQUIRIES:

Ms. Maha Baligh, e-mail: [mbaligh@efg-hermes.com](mailto:mbaligh@efg-hermes.com)

Ms. Dalia Shafik, e-mail: [dshafik@efg-hermes.com](mailto:dshafik@efg-hermes.com)

Tel: 202-3318235

Fax: 202-3365589