

Fund Manager's Strategy & Outlook

The Egypt Fund gained a full 12% during the month of April bringing YTD gains to 5%. The Egyptian market has been best performing in the MENA region with the HFI gaining a whopping 20% over the month. Mid-month crude oil cleared the USD55/barrel resistance, triggering more buying across the various asset classes. This came on the back of improved investor sentiment and a continued commodities rally. The best performing sectors of the Egyptian market were real estate and telecoms.

Early in April the market welcomed breaking news of Orascom Telecom Holding ending its two year arbitration with France Telecom over its MobiNil stake in the MobiNil Telecom consortium. The arbitration cited Orascom Telecom to sell its stake in the consortium to France Telecom at a price per share of EGP273.62, implying Mobinil would be trading at a PE08a of 13.9x and PE09e 15.0x, EV/EBITDA08a of 6.8x and EV/sub of EGP 1,583. A few days later the Capital Market Authority refused the tender offer made by FT to buy the MobiNil shares outside the Mobinil Telecom Consortium at a price that is different than the EGP273.26. Nevertheless, the news had a positive impact on the telecom sector.

March inflation figures came in reporting Egypt's urban inflation to fall to 12.1% year-on-year from 13.5% in February 2009. It is worth mentioning that food prices rose again 2.5% month-on-month, according to data published by the government's statistics agency CAPMAS. The fall in inflation will allow the Central Bank of Egypt (CBE) to continue easing monetary policy to support economic growth. The CBE has cut interest rates by 150 bps since the beginning of 2009, bringing the overnight deposit rate down to 10%. Analysts expect the CBE to further reduce rates by 150 bps to 250 bps for the rest of 2009. This will allow for a slow depreciation of the EGP against the USD as it balances inflationary risks with increasing the competitiveness of Egyptian exports.

More on the economic front, the Ministry of Economic Development released projected economic indicators for FY2009/2010, expecting GDP growth to average 4.4% in FY2008/2009, 4% in FY2009/2010, and a recovery gradually starting thereafter raising growth to 5% in FY2010/2011. On the tourism front, the government projects a 5% drop in revenues in FY2008/2009, rising to 15% in FY2009/2010 as the effect of the global economic slowdown takes its toll on travel and entertainment. Tourism revenues would decline to USD9.6 billion in FY2008/2009 and USD7.7 billion in FY2009/2010. The government expects foreign direct investments to register USD8.5 billion in FY2008/2009, dropping to USD7.7 billion in FY2009/2010 given the subdued global sentiment for investing.

The investment manager continuous to adopt a cautious stance on the market while maintaining a relatively low Equity exposure. In the mean time, the cash cushion will be gradually utilized to build positions in attractive opportunities that arise.

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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	12.1%
Year to Date	4.7%
2008	-46.2%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 36.20
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	0.97
Sharpe Ratio	0.55

Top Holdings

Holding	Sector	% Holding
El Sewedy Cables	Building Materials	7.5%
Telecom Egypt	TMT	6.1%
SODIC	Real Estate	4.7%

Allocation By Asset Breakdown

