

Egypt Breather

Your Fund managed to sustain the positive trend and add 8.5% to its NAV throughout the month of August 2006. Strong first half 2006 company results supported our view of attractive company fundamentals and expectations of healthy EPS growth.

Orascom Telecom, your Fund's largest holding, released strong first half results during the month of August highlighting the company's ability in extracting operational efficiencies. Total subscribers grew at a tremendous rate of 93% during the last 12 months. Revenues and EBITDA grew by 36% and 41% respectively. More impressively, the company was able to maintain its dominant position in its largest markets (Algeria & Pakistan) while expanding the EBITDA margin by 130 basis points from the corresponding period last year to reach 49.8%. With renewed interest coming from international investors, the company's share price appreciated by 12% during the month of August. Even with this heightened activity, the company's valuation remains attractive as it is currently trading at a PE of 11.0x and an EPS growth rate 28.3% for 2007. We remain bullish on the stock as the company maintains its operational excellence and continues in its search for attractive growth opportunities.

The month also witnessed strong activity in the building materials sector supported by positive news regarding the mortgage law and its regulations. To capitalize on these opportunities, the fund manager added to its holdings in the cement sector to reach 11% and the sector contributed 1.2% to the fund's NAV this month. Misr Beni Sweif Cement witnessed remarkable price appreciation performance throughout the month backed by strong 1H06 results. The company reported 1H06 net profit growth of 80% year-on-year on the back of 65% increase in revenues accompanied by an improvement in gross profit margin by 4.8% to stand at 71.1%.

Your largest holding in the banking sector, Commercial International Bank (CIB), reported 1H06 results with net income increasing by 37% as a result of a 26% increase in interest income along with a 15% growth in interest expense. CIB is currently among a gala of local, regional and international investors bidding for Bank of Alexandria, one of Egypt's four state owned banks offered for sale. CIB is currently trading at a Price/Book of 2.9.

Furthermore, Orascom Hotels & Development (OHD) surprised investors once again with strong 1H06 results whereby the company reported a year-on-year increase in net income by 178%. OHD announced its intention to acquire stakes in new hotels in a move towards growing its hotel line of business with investments up to EGP650 million. The acquisition will be done through a share swap of the company's capital increase worth EGP700 million.

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 35.35
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

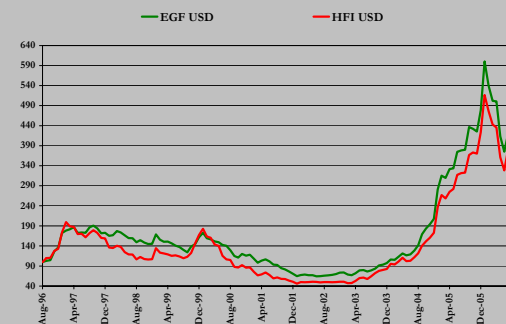
Investment Information

Minimum Subscription	USD 10,000
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	-4.7%	No. Years ▲	7
1 Month	8.5%	No. Years ▼	3
3 Months	10.3%	Best Yr ▲	130.7%
1 Year	20.0%	Worst Yr ▼	-39.2%

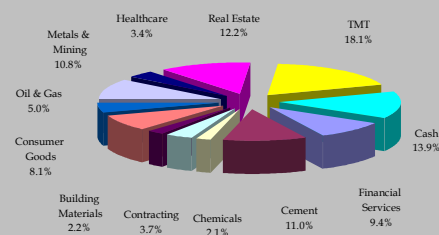
EGF Relative Performance



Top 5 Holdings

Holding	% Holding
Orascom Telecom	16.7%
Misr Beni Sueif Cement	6.6%
El Ezz Steel Rebars	5.9%
Commercial International Bank	5.5%
Orascom Hotels & Development	5.2%

Asset Allocation



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