

Fund Manager's Strategy & Outlook

The Fund performed well during the month of August, which coincided this year with the usually-slow month of Ramadan, to end the month up 2.53%. The second consecutive positive month brought the Fund's YTD returns back in the positive territory to 0.95% versus the index's -0.76% return for the year.

The market saw a flow of company result announcements that were mostly in line with or above analyst expectations with the exception of Orascom Telecom. Orascom Construction Industries announced largely positive 2Q results with net income growing by 43% over last year's and a USD 1.5bn increase in the backlog over the first half, 75% of which attributed to infrastructure awards in Egypt and the region. On the other hand, Orascom Telecom's announced results that were operationally strong but surprised negatively on the earnings side with FX and impairment losses. Nonetheless, analysts agree that the stock remains fundamentally attractive but is in need of a long-awaited catalyst. Other index heavyweights such as Telecom Egypt, Talaat Mostafa Group, and EFG Hermes have reported strong y-o-y growth in earnings while the latter announced its acquisition of a majority stake in the Lebanese commercial bank Credit Libanais, which should boost its balance sheet and offset the cyclical in earnings caused by market fluctuations.

The economy was a quiet front during the month of August. After the announcement last month of an impressive 5.3% GDP growth for the fiscal year the Central Bank of Egypt kept rates unchanged in its August meeting. Inflation remained stable in July at 10.7% and while core inflation accelerated in July to 7.1%, it remains within the government's comfort band of 6-8% annually. But with pressure from global food price increase (global wheat prices increase by around 20% in July alone), the risk to inflation is to the upside.

With no major changes in the market's fundamentals and outlook during the month, the Fund's strategy and allocation remains largely stable. The Fund Manager remains confident in the fundamentals of the economy and the Fund's portfolio, while short term volatility will be used opportunistically to enhance the Fund's returns and sustain its outperformance.

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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		2.5%
Year to Date		1.0%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 39.37
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		22
Beta		1.03
Sharpe Ratio		0.29

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Contracting	18.0%
Orascom Telecom	TMT	11.3%
Commercial In't Bank	Banks	7.7%

Allocation By Economic Sector

