

### Fund Manager's Strategy & Outlook

The market witnessed renewed correlation with global markets and the fund shed 8% as international markets wavered after the US downgrade and European sovereign debt issues. The thin trading volumes characterizing the month of Ramadan did not help sentiment either as average daily turnover dropped to USD54 million versus a three month average of USD93 million.

The much anticipated second quarter results dominated the market as a signal of economic and corporate improvement versus the turbulent first quarter of the year. On the banking front, Commercial International Bank (CIB) reported 2Q2011 results showing a 44% quarter-on-quarter increase in net income standing at EGP443 million on the back of recovery in interest income from depressed levels in 1Q2011 in addition to lower loan provision charges. However, net income dropped 11% on an annual basis due to higher loan provisions compared to 2Q2010. National Societe Generale Bank (NSGB) reported 2Q2011 results with net income reaching EGP369 million showing an increase of 1% and 14% on a quarter-on-quarter and year-on-year basis respectively. Talaat Mostafa Group (TMG) reported net income of EGP202 million in 2Q2011 showing an increase of 18% quarter-on-quarter on the back of better hotel revenues while on the other hand year-on-year figure showed a drop of 41% due to lower real estate revenues. Total year to date sales reached EGP2.55 billion falling by 27.8% versus EGP3.53 billion in 1H2010.

On the economic front, net international reserves reached USD25.7 billion during July 2011 shedding USD0.9 billion during the month. It is worth mentioning that international reserves have risen during the month of July by USD0.9 billion due to recovery in exports and tourism sector but were negatively impacted by large debt repayment of USD1.8 billion. Headline inflation cooled down reaching 10.4% year-on-year in July 2011 from 11.8% in June 2011 which was led by a drop in almost all the CPI components. Core inflation showed a similar trend by falling to 8.71% year-on-year in July 2011 from 8.94% in June 2011. On a separate note, Suez Canal revenues increased by 10.6% year-on-year in July 2011 reaching USD449.2 million and showing a monthly growth of 0.9%.

The fund manager will maintain core positions in high conviction stocks while opportunistically using price dislocations in the market.

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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		-8.0%
Year To Date		-40.4%
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 25.20
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		17
Beta		0.79
Sharpe Ratio		0.10

### Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	19.8%
Commercial International Bank	Banking	17.0%
Talaat Mustafa Group	Real Estate	10.3%

### Allocation By Economic Sector

