

The EFG-Hermes Egypt Fund

December 31, 2006

We are proud to announce a 7.2% increase in your Fund's NAV during the month of December 2006, outperforming the HFI index by 1.3%. Having anticipated a rise in inflation rates, on account of removal of subsidies and specific seasonal factors, we have successfully overweighed our holdings in real estate stocks which have outperformed the market during the month and reflected the highest price gains. Your large cap holdings have also contributed quite positively to the fund's return owing to the heavy foreign inflows into these stocks witnessed over the last quarter.

The Fund's positive contribution for this month was led by your largest holding, Orascom Telecom (OT), which outperformed the market on the back of heavy foreign inflows. The stock added 2.7% to the fund's return following the announcement that 19% owned Hutchison Telecom International is selling its 67% stake in its Indian subsidiary Hutchison Essar. Vodafone Group and India's second largest mobile operator, Reliance Communications, have expressed their interest in Essar. The deal is expected to be in the range of US\$ 15 to 20 billion, implying a capital gain of US\$ 1.9 to 2.6 billion for OT. Continuing its success story, the global telecom operator announced earlier this month that it had already exceeded its year-end target of 50 million subscribers mark, with a target of 100 million subscribers in 2009.

Your real estate holding Sixth of October for Development & Investments, SODIC, continued to announce impressive news. The company's BoD approved the 100% acquisition of the Egyptian property developer, Palm Hills, through a share swap. The conclusion of this transaction will lead to SODIC owning 12 million sqm of land plots in prime locations. The stock soared 23% following the announcement.

Nasr City Housing, one of the best performing stocks in December, was yet another real estate player that positively contributed to your fund's NAV. The stock gained 24% on the back of an offer made by Beltone Investment and Beltone Capital to acquire 40% of the company at EGP 110 per share. Shareholders offered 26% of the company for sale.

On a macro note, the year 2007 was declared by the Egyptian government to be the year of constitutional reforms which aim at strengthening democracy and decentralizing some government functions. The most prominent amendments aim at limiting the President's authority in favor of a more powerful Prime Minister and parliament and to allow for more political participation by opposition parties. In addition to a healthier political structure, we continue to believe in the strong corporate performance against the improving economic backdrop.

The positive economic outlook in addition to Egypt's attractive valuation and expected high growth rate with a PE(07) of 12x and an expected average earnings growth of 26% for 2007, put Egypt ahead of most of its regional and emerging markets peers, maintaining its position as a winning ticket.



EFG - Hermes

ASSET MANAGEMENT FACT SHEET

Objective

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

Fund Performance

Trailing Returns	
YTD	18.6%
1 Month	7.2%
3 Months	9.8%
1 Year	8.6%

Risk Overview	
No. Years ▲	8
No. Years ▼	3
Best Yr ▲	130.7%
Worst Yr ▼	-39.2%

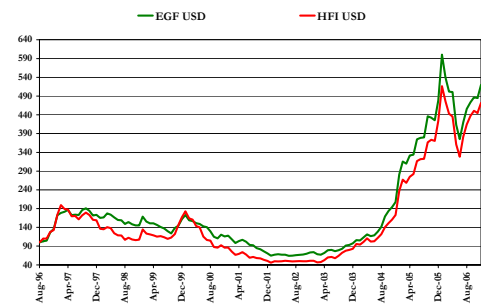
Fund Information

NAV per share	USD 39.91
Launch Date	September 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Incentive fee	None
Benchmark	None

Investment Information

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

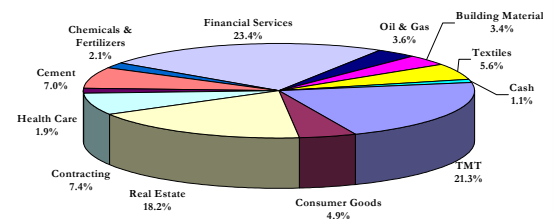
Fund Relative Performance



Top Holdings (%)

Holding	% of NAV
Orascom Telecom	19.9%
Commercial International Bank	11.6%
SODIC	9.0%
Orascom Construction Industries	7.4%
Oriental Weavers	5.6%

Asset Allocation



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