

Your Fund started the year with a bang. It added 25.5% to its NAV during January 2006 to reach US\$ 46.55, outperforming the HFI index by 3.6%. This strong performance is a reflection of the manager's strategy aimed at allocating investments to high growth stocks in addition to stocks that are set to gain from recent economic and structural reforms throughout various sectors.

Orascom Construction industries (OCI) continued to be your fund's top contributor after its price rally, which exceeded 30% over the month. The price appreciation was mainly triggered by the company's announcement of plans to increase its paid in capital. Moreover, the company resumed its regional expansion strategy by completing the acquisition of two cement plants in Turkey with combined cement capacity of 3.6 million tons.

Another stock that contributed significant returns to the fund over the month was Olympic Group subsequent to the company's announcement of its agreement with a large Arab investor to jointly establish a company for real estate development in Egypt, through its real estate subsidiary, Namaa Real Estate.

After gaining approval of the fund's board, the manager built a successful position in the EFG-Hermes stock which continued to be the star of the market after doubling its price over the month owing to a string of positive news. At the beginning of the month, the company announced that it was awarded asset management and investment banking licenses in the UAE and speculation abounded regarding the upcoming granting of a brokerage license in Saudi Arabia. EFG-Hermes also announced that its BOD approved a 20% stake acquisition of Bank Audi, one of the largest banks in Lebanon and the Arab World. The acquisition will be financed through an increase in the company's paid-in-capital.

On the economic front, the preliminary balance of payments figures of the first quarter of 2005/2006, announced by the Central Bank of Egypt (CBE), confirmed our beliefs that domestic consumption and investment expenditure are expected to be the key drivers of growth in the coming period. This was depicted in the recovery in sales volumes of domestic-oriented companies and the growth in imports of raw materials and intermediate goods. In addition, capital inflows continue to escalate dramatically which was reflected in the quadrupling of net foreign direct investment and portfolio inflows to reach US\$ 4.6 billion.

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 46.55
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

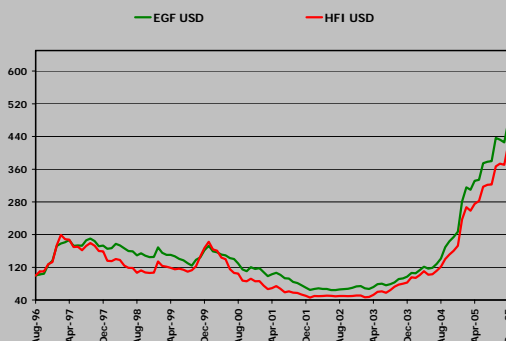
Investment Information

Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFME1, ABNFUNDS15, MLSV
ISIN Code	BMG2948Y1093

Fund Performance

Trailing Returns		Risk Overview	
YTD	25.5%	No. Years ▲	7
1 Month	25.5%	No. Years ▼	3
3 Months	38.9%	Best Yr ▲	130.7%
1 Year	113.7%	Worst Yr ▼	-39.2%

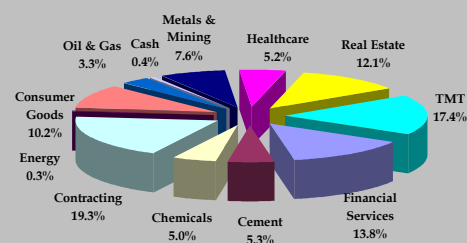
EGF Relative Performance



Top 5 Holdings

Holding	% Holding
Orascom Construction Industries	19.3%
Orascom Telecom (Local & GDR)	17.4%
Olympic Group	6.0%
Orascom Hotels & Development	6.0%
EFG-Hermes	5.9%

Sector Allocation



This update does not constitute an offer of shares and should not be relied upon by any person acquiring or otherwise dealing in shares of the company. Subscription of shares in the company may only currently be made on the terms of the Placing Memorandum of the company. It should be noted that investment in the fund is only suitable for sophisticated investors who are aware of the risks of investing in The EFG-Hermes Egypt Fund Limited and should be regarded as long term. Please remember that past performance is not necessarily a guide to the future. Market and currency movements may cause the value of shares and the income from them to fluctuate and you may get back less than you invested when you decide to sell your share.

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