

The Fund got off to a strong start in 2010, with a return of 8.0% in January, outperforming the market's 7.5% over the same period. The month saw an increase in the foreign participation in the market.

Foreigners, whose flows accounted for more than 10% of the market's trading, were net buyers throughout the month. The market's performance was driven mainly by mid and small market capitalization stocks, with the exception of Orascom Telecom (OT), which had a busy month and finished with the second highest return in the market. OT's strong performance can be attributed to several factors, among which was its successful court appeal of the regulator's decision to accept France Telecom's bid for Mobinil after a months-long battle over the holding. The company also managed to get a waiver from its debt-holders that enabled it to proceed with an \$800mn rights issue. The developments were received positively by the market after long being an overhang on OT's performance.

Another large cap, Orascom Construction Industries (OCI), set the stage for the new year as well, announcing a new JV with Morgan Stanley to invest in infrastructure projects, an area where OCI has been the most visible partner of the Egyptian and regional governments. The company also announced that it will invest \$200mn to build a new plant and increase capacity in its fertilizer business which is expected to boost the outlook of its fertilizer business.

On the macroeconomic front, announcements were generally positive as the GDP growth for the second quarter of FY2009/2010 came at 5.1%, signaling a sustained growth momentum.

The government made it clear that it will not waver in its support of the economy with a 10% increase in the planned fiscal stimulus package planned for the year, bringing it to EGP 11.2bn and its announcement that energy subsidies will remain. Inflation has remained steady at 13.5% year-on-year and the Central Bank of Egypt signaled its comfort with the growth and inflation figures and kept rates unchanged once again. Tourism figures reported a minor decline in arrivals which is a reassuring sign that the worries regarding a late onset of cancellation were overplayed.

The Fund Manager remains positive on the market's outlook in 2010, and with a sustained positive economic indicators and an increase in company activity with a wave of capital and debt raising, the signals point to a fruitful year ahead for the Egyptian market and economy.

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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		8.0%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 42.10
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		24
Beta		0.99
Sharpe Ratio		0.46

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Contracting	17.4%
Orascom Telecom	TMT	12.0%
Commercial International Bank	Banking	9.5%

Allocation By Economic Sector

