

Fund Manager's Strategy & Outlook

The Egyptian market started the year with a strong performance on the back of positive sentiment towards the market. However, the positive momentum was hindered by the restart of political clashes in the streets as we moved towards the end of the month. Average daily turnover reached USD70 million compared to 3 month average of USD55 million with local retail investors remaining as net sellers in the market. The fund shed 2.3% during January 2013 outperforming the HFI index by 1.0%.

January of 2013 was a busy month for Orascom Construction Industries (OCI) with the company receiving an exchange offer from Orascom Construction Industries N.V., a Netherlands based company listed on the New York Stock Exchange to acquire all of OCI's outstanding GDRs in exchange for ordinary shares in OCI N.V. In addition, the offer included launching a mandatory tender offer to acquire all of OCI's ordinary shares in exchange for OCI N.V shares or a cash alternative of EGP280 per share. OCI N.V announced that it has obtained commitments from participating investors exceeding USD2 billion including USD1 billion from US investors. On the real estate front, SODIC announced that it expects recording revenues of approximately 1.17bn during 2013 through deliveries in Allegria, Karameya Plaza and Forty West in addition to its plan to launch a project on Al Yosr land during the second half of 2013.

On the economic front, currency devaluation was the highlight of the month of January 2013 with the Egyptian pound interbank rate weakening to 6.5 EGP/USD, thus, losing around 7.0% since introducing the FX auction. On a separate note, Egypt's net international reserves plunged to USD13.6 billion in January 2013 after shedding USD1.4 billion during the month despite the Turkish deposit of USD500 million. Headline inflation rose to 6.32% year-on-year in January 2013 compared to 4.66% in December 2012.

In anticipation of extended political tension over the coming period and prior to the parliamentary elections, the fund manager will maintain cautious equity exposure level for the fund while re-allocating the fund's holdings through trimming high beta names and focusing on defensive stocks.

EFG-Hermes Asset Management

Tel: +20 2 3535 6528 / Fax: +20 2 3537 0924
 E-mail: AMsales@efg-hermes.com

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	-2.3%
2012	46.4%
2011	-53.6%
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 28.09
Launch Date	August, 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Minimum Subscription	USD 10,000
Subscription/Redemption	Weekly

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	0.81
Sharpe Ratio	0.10

Top Holdings

Holding	Sector	% Holding
ORASCOM CONSTRUCTION INDS	Construction	18.25%
COMMERCIAL INTERNATIONAL BANK	Banking	13.90%
ORASCOM TELECOM HOLDING	Telecom.	11.42%

Allocation By Economic Sector

