

### Fund Manager's Strategy & Outlook

The Fund outperformed the index shedding 5.9% in July bringing its year-to-date performance to -9.4%. The retail component of the Egyptian market witnessed increased volatility and another round of selling that dragged the index down more than 6% in USD terms. This was coupled by lower foreign participation in the local market as a result of global equity markets' sell-off.

The Fund's second largest holding, Orascom Construction Industries (OCI), has established Emirates Foundation in Abu Dhabi, a new construction joint venture with UAE Hydra Commercial Investments, Sorouh Real Estate, and Capital Investment, an Abu Dhabi-based firm. OCI will own a 50% stake in the joint venture, which will specialize in geotechnical engineering and foundation works and will perform substructure construction. This step will allow OCI to vertically integrate construction services and capitalize on the severe shortage of foundation construction work in the UAE, which results in delays for large-scale projects. Moreover, this partnership will create an important synergy for OCI and will allow for sizeable additions to its construction backlog in 2008 onwards. OCI's current backlog is estimated at around USD7 billion, up from USD3.5 billion in the same period last year.

With regards to the building materials sector, Ezz Steel Rebars announced an EGP1.8 billion capital increase via a 2:1 rights issue to existing shareholders at par value (EGP 5 per share). The capital increase is part of the debt/equity financing deal by the company to fund its expansions in Egypt and Algeria. Moreover, El Sewedy Cables is continuing with its integration plans as the company announced the acquisition of a 70% stake in the Egyptian Company for Manufacturing Electrical Insulators (ECMEI). El Sewedy plans to restructure ECMEI and increase its annual production capacity which currently stands at 3,000 tons.

As part of a consortium led by Canadian broadband provider Globalive, Orascom Telecom (OT) announced winning a mobile spectrum to provide mobile services in Canada; the consortium bid was CAD442 million. Because foreign stakes in Canada are restricted to 45%, OT will have a 40% to 45% stake in the venture. With a population of 33 million and a mobile penetration rate below 60%, Canada fits in with OT's strategy of expanding into markets with large populations and relatively low penetration rates. Canada has only three mobile operators which all offer mostly postpaid products. Mobile tariffs in the Canadian market are relatively high and the average ARPU is around USD45.

Hashem Montasser – Managing Director

Dalia Shafik – Fund Manager

Mai Mounir – Assistant Vice President

Tel: +2 02 33318 228 / Fax: +2 02 33362 298

e-mail: [AMsales@efg-hermes.com](mailto: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	-5.9%
Year to Date	-9.4%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

### Fund Information

NAV per share	USD 58.23
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

### Fund Characteristics

No. of Holdings	19
Beta	0.78
Sharpe Ratio	0.95

### Top Holdings

Holding	Sector	% Holding
Maridive Oil & Services	Oil & Petrochemicals	13.1%
OCI	Contracting	8.9%
EI Ezz Steel Rebars	Metals & Mining	8.8%

### Allocation By Asset Breakdown

