

## Fund Manager's Strategy & Outlook

The Egypt Fund closed July up 3.7%, for an YTD return of 15.6%. One month into the summer, the market is showing slightly lower volumes, albeit still high than those seen in the beginning of the year, and is still in the green zone.

The theme of the market this month -as with the previous month- was the now repetitious OT/FT debacle. Another bid for Mobinil was rejected and yet another appeal submitted and rejected. But while the market was speculating on what was to happen with OT's Mobinil, so much that the former had the highest turnover for half the month's trading days, Mobinil was busy doing business. The company announced results that were a positive surprise to the market. With revenue, earnings, and subscriber growth figures that surpassed the analysts' consensus.

As for other major names in the market, Commercial International Bank got some attention when Actis, an emerging markets private equity firm, bought 9% of the bank's stock from Ripplewood at market price. The stock lost some ground as the deal was not well-received by the market. El Sewedy Cables' news flow was largely positive as it started production at a new Nigerian plant and the minister of electricity announced that at least 30% of the major wind farms project will come from local producers. Telecom Egypt—sustained by positive results from Vodafone—announced that its current CEO is to remain with the company as chairman.

On the economy front, the figures continue to be positive with the announcement that the fiscal year's budget deficit remained unchanged at 6.9% despite the decline in major revenue sources such as remittances, tourism revenue, and Suez Canal revenue, which continued to inch upwards with a growth of 1.6% over the previous month. The Central Bank of Egypt announced that inflation, excluding vegetables and fruits which were major contributors to last year's spike, was at 3.1% y-o-y during 1H09 down from 11.5% a year earlier. Seeing that inflation is still on its declining track and keen on making the most out of the monetary breather, the CBE cut its benchmark rate for the fourth time this year by 50bps, bringing the total cuts to 350bps.

The Fund's exposure was lowered by the end of July as the Manager locked profits in several names. The Fund's exposure to telecoms proved beneficial and the Manager reshuffled into less euphoric names for the time being. The Manager remains confident in the core positions built over the previous months but recognizes that the ranges in which the market trades offer multiple entry and exit points. The results season ahead will show which sectors and stocks really managed to stay the course and continue the bumpy ride out of a tough year. Ramadan might dampen the effect on the market but in the meantime we still seek opportunities.

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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	3.7%
Year to Date	15.6%
2008	-46.2%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

## Fund Information

NAV per share	USD 39.98
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	21
Beta	0.98
Sharpe Ratio	0.58

## Top Holdings

Holding	Sector	% Holding
Telecom Egypt	TMT	6.0%
El Sewedy Cables	Building Materials	5.6%
CIB	Financial Services	5.3%

## Allocation By Asset Breakdown

