

### Fund Manager's Strategy & Outlook

The month of June witnessed a continuation of global markets volatility and heightened degree of correlation across markets. The Egypt Fund lost 7.4% during the month bringing its YTD returns to negative territory for the first time this year. Nevertheless, the Fund is still outperforming the market for the year by 2.2%.

The market was hit by a rough month for index heavy weight Orascom Telecom (OT) as talks with South Africa's MTN for a possible USD10 billion deal came to an official halt. OT's ambitions to sell its African assets were thwarted by the Algerian government's decision to stop the deal, and while the company has started discussions with the Algerian government, the stock still lost 20% during June.

Still on the telecom sector, another heavy weight index constituent, Telecom Egypt and Vodafone Group have agreed that the former will not be acquiring the latter's stake in Vodafone's Egypt, after Egypt's regulators deemed the deal harmful to the competitive structure of the sector. On a different front, Talaat Mostafa Group (TMG) one of the market's major real estate stocks has also been affected by a preliminary administrative court ruling casting doubts on the legitimacy of the transaction through which the company acquired its land bank from the government, and while experts do not see the ruling as a changing factor in the company's operations at this point, the stock tumbled on the back of the news.

On a more positive note, the market showed several signals of fundamental improvement and promising signs beyond the current short-term downtrend. The exchange saw its first IPO in three years as Juhayna Food Industries was launched at a total size of USD180 million, with the public portion 7x subscribed. The market saw a stream of positive news with several major expansions and ventures announced including a new manufacturing facility by El Ezz Steel Rebars, an imminent launch of another major real estate project by SODIC, the bidding on a new major land plot in Western Cairo, and Orascom Construction Industries' continued expansion into infrastructure in Egypt and in other emerging markets with the signing of an MoU with a major Indian infrastructure company.

On the economic front, headline Inflation continued to trend downwards, reaching 10.5% year-on-year in May; its lowest point for the year while core inflation was stable at 6.7% year-on-year. And with the easing of inflationary pressures, the Central Bank of Egypt has maintained rates in its June meeting in keeping with the market's expectations.

As volatility and high correlation to global events persist in the market and the negative sentiment has yet to subside, The Fund Manager will be trading to benefit from price dislocations as they arise and will reposition the Fund's core investments in high-value opportunities created by a sentiment-driven correction.

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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		-7.4%
Year to Date		-3.5%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

### Fund Information

NAV per share		USD 37.62
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		19
Beta		1.02
Sharpe Ratio		0.24

### Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Contracting	18.1%
Orascom Telecom	TMT	15.4%
Commercial In't Bank	Banks	8.0%

### Allocation By Economic Sector

