

Fund Manager's Strategy & Outlook

The Egypt Fund gained a full 8.0% during March of 2009 bringing its YTD drop to 6.6%. Owing to a rebound in oil and commodity prices, coupled with more visibility on corporate results, investor sentiment improved slightly in March 2009 and the market fared a whopping 17.3% led by index heavy weights Orascom Telecom and Orascom Construction Industries. Moreover, the housing sector reflected a strong rally after having suffered in the previous months.

Putting 2008 year-end results season behind us has added to the market's relief. Maridive announced a 9.4% increase in net income to reach USD80 million before adjusting to reclassify losses incurred on interest rate hedge. Furthermore, the company announced a USD0.25/share dividend, putting it in the same bracket with high dividend paying stocks. Orascom Construction Industries was the highlight of the month, reporting in-line 2008 year-end results, signed an agreement with a leading Brazilian agricultural group for the supply and import of granular urea fertilizers into Brazil and has been awarded a USD258 million contract to build a new Thermal Power Plant in Egypt. El Sewedy Cables results on the other hand came in disappointing, with 4Q2008 earnings declining by 74% year-on-year, far lower than market consensus, on the back of several one-off items reported by the company including provisions and inventory write downs.

On the international scene, oil prices rebounded to cross the USD50/barrel, restoring sentiment and moving markets across the globe into the green. Locally, several governmental measures were announced that were much welcomed by market participants. The Central Bank of Egypt (CBE) lowered interest rates by 50 bps in its meeting end of March, much in line with majority of analysts. The main driver behind this move is softening inflation figures and supporting economic growth. In line with the latter reason the CBE also took another move, this time unexpected, prohibiting institutions from investing in 3-year certificates of deposit, also citing stimulating economic growth. On a different note and with occupancy rates falling, the Minister of Tourism is exempting tourism companies from a number of fees in 2009.

Egypt's CPI inflation slowed to 13.5% year-on-year in February of 2009, from 14.3% in the previous month and 24% in August of 2008. Overall, analysts had expected the drop however to reach much lower levels. Surprisingly it did not on the back of an upward rise in food prices 2.4% month-on-month.

While maintaining a cautious stance and relatively low exposure the Investment Manager is still focusing on defensive plays and high dividend paying stocks. In the meantime and as the market moves to a different direction, the Investment Manager will slowly shift funds around and start taking more bets on cyclical stocks that have been severely beaten by the market during the past period.

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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	-6.6%
2008	-46.2%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 32.30
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	14
Beta	0.78
Sharpe Ratio	0.43

Top Holdings

Holding	Sector	% Holding
El Sewedy Cables	Building Materials	6.8%
SODIC	Real Estate	4.0%
Nasr City Housing	Real Estate	3.9%

Allocation By Asset Breakdown

