

Fund Manager's Strategy & Outlook

The Fund closed the month of March up 2.3% bringing its year-to-date performance to 11.3% and outperforming the HFI whose performance came in at 9.5% year-to-date. After a short-term sell off witnessed at the beginning of the month, foreign investors and institutions were net buyers hoping to gain from the sell-off and position for an expected leveling of the market.

The market saw a wave of result announcements that mostly fell within analysts' expectation, however those announced by Telecom Egypt (TE) and Orascom Telecom (OT) were perceived negatively by investors. TE's results were below expectations due to lower revenues and margins and unexpected impairment charges, and the stock lost some ground on the back of the results miss. While OT reported weak results mainly due to charges and provisions regarding its Algerian subsidiary tax charge and damage to physical assets. Orascom Construction Industries reported 2009 results in line with analyst consensus but weak net income on FX losses. However, the common thread with the slightly disappointing set of results reported by several large caps is that the companies all reported operationally strong results but earnings suffered from one-off events that will likely abate in the following results season.

March was a busy month on the economic front with several announcements and expectations from the government and global economic institutions. The IMF published a Mission Concluding Statement on the Egyptian economy lauding the resilience of the economy and the government's role in sustaining economic reform and investment climate. The IMF expectations for GDP growth also came in line with the expectations of analysts and the government guidance of c. 5% in the current fiscal year and 5.5% for fiscal year 2010/11. Standard & Poor's echoed this view with "Stable Outlook" for Egypt's credit worthiness and a positive view of the country's banking sector and policy direction.

On the other hand, February inflation figures were announced to be 12.8% year-on-year from 13.6% a month before, and this has prompted the Central Bank of Egypt's Monetary Policy Committee to keep the rates stable in its last meeting. FDIs, projected to reach USD 10bn during the year, got off to a slow start during the first half of the year at USD 2.6bn, while the Minister of Investment reiterated the expectation of a healthy FDI inflow during the second half.

The first quarter of the year came in strong and the Investment Manager's strategy outperformed the market. The Investment Manager maintains his positive outlook on the market for the remainder of the year, still favoring high beta stocks.

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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 | | 2.3% |
| Year to Date | | 11.3% |
| 2009 | | 12.8% |
| 2008 | | -46.2% |
| 2007 | | 61.9% |
| 2006 | | 8.6% |
| 2005 | | 130.7% |
| 2004 | | 113.1% |

Fund Information

| | | |
|-------------------------|--|----------------------|
| NAV per share | | USD 43.42 |
| 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 | | 0.99 |
| Sharpe Ratio | | 0.46 |

Top Holdings

| Holding | Sector | % Holding |
|---------------------------------|-------------|-----------|
| Orascom Construction Industries | Contracting | 18.7% |
| Orascom Telecom | TMT | 15.4% |
| Talaat Mostafa Group | Real Estate | 7.6% |

Allocation By Economic Sector

