

Fund Manager's Strategy & Outlook

The month of June witnessed a key milestone in the political transition of the country after completing the first phase of the presidential elections. As the elections heat up the political scene, the market witnessed large selling waves emanating from foreign investors during the month. The fund outperformed the HFI Index by 1.1% closing the month with a decline of 2.5% and bringing its year to date performance to 30.7%.

Company results announcements dominated the market during the month of June 2012 with Commercial International Bank (CIB) announcing strong results for 1Q2012 with net income reaching EGP505 million showing 64% year-on-year increase due to higher net interest margin and a much lower booked provisions compared to 1Q2011. On the telecom front, Telecom Egypt (TE) also reported very strong 1Q2012 results with total revenues reaching EGP2.7 billion showing an annual increase of 11.5% on the back of strong retail and wholesale revenue while net income reached EGP912 million showing a quarter-on-quarter increase of 56% versus EGP584 million in 4Q2011. Orascom Telecom Holding (OT) released 1Q2012 results with total revenue reaching USD900 million showing a year-on-year increase of 1.3% versus USD888 million in 1Q2011. Net income for the company reached USD116 million in 1Q2012 versus net loss of USD91 million in 4Q2011 on the back of high FX gains compared to the previous quarter.

On the economic front, Egypt's GDP grew by 5.2% year-on-year in 3Q FY2011/2012. The growth came on the back of higher private sector investments as well as better performing economic sectors mainly tourism, construction and telecommunications. Furthermore, net international reserves had their first pick up since December 2010 after inching up in April 2012 by USD94 million and is expected to show better performance till the end of FY2012. Annual headline inflation slightly declined to 8.8% in April 2012 from 9.0% March 2012 due to lower increase in food prices. Core inflation showed a similar trend reaching 8.4% year-on-year in April 2012 from 8.7% in March 2012.

In anticipation of continued market volatility as elections heat up the political scene, the fund manager remains cautious positioning the fund in blue chips and stocks with defensive operations until we overcome the current critical political phase and be able to reposition.

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		-2.5%
Year to Date		30.7%
2011		-53.6%
2010		8.5%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 25.68
Launch Date		August, 1996
Listing		Irish Stock Exchange
Structure		Open Ended
Management fee		1.75%
Minimum Subscription		USD 10,000
Subscription/Redemption		Weekly

Fund Identifiers

ISIN		BMG2948Y1093
Sedol		0-306-504
Reuters Code		LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15
Bloomberg Ticker		EFGHEGY BH

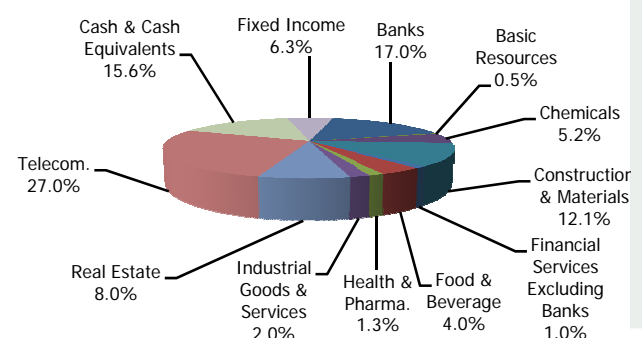
Fund Characteristics

No. of Holdings		16
Beta		0.81
Sharpe Ratio		0.05

Top Holdings

Holding	Sector	% Holding
Telecom Egypt	Telecom.	14.5%
Orascom Construction Industries	Construction	11.4%
Commercial International Bank	Banking	11.1%

Allocation By Economic Sector



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