

Fund Manager's Strategy & Outlook

The month of November 2008 witnessed concerted efforts by governments around the world to contain the effects of the global financial crisis and send signals of comfort to the financial community to avoid the continuation of the October bloodshed that resonated through global stock markets. In November, the Egyptian market remained volatile with large caps being hit the hardest. The Fund lost 5% this month outperforming the market by 4%.

On the corporate front, the month witnessed the release of third quarter results of most companies. The Fund's top holding, Orascom Construction Industries (OCI) released financial results for nine months ending September 2008. Revenues increased by 54% to US\$ 2.7 billion compared to US\$ 1.8 billion for 9m 2007. EBITDA increased by 129% to USD 734 million, while net income from continuing operations increased by 231% to US\$ 648 million for 9m 2008. For third quarter 2008, revenues grew by 75% to US\$ 992 million compared to US\$ 567 million for the same period of the previous year, while EBITDA grew by 152% to USD307 million.

The Fund's second largest holding, Maridive Oil and Services Company announced its third quarter results posting a 31% growth in net profit in the nine month ending September 2008 to record US\$ 69.5 million. Revenues grew by 1.6% to US\$ 193 million over the period. Third quarter net profit grew by 161% year-on-year to US\$ 29 million owing to an expansion in the company's margins with gross profit margin reaching 53.6% in Q3 FY08 versus 27.5% in Q3 FY07.

El Sewedy Cables, third quarter earnings grew 32% year-on-year to EGP 252 million while revenue rose 15% to EGP 3 billion. EBITDA grew 26% to EGP 317 million and the EBITDA margin expanded to 10.7% from 9.7% in third quarter 2007. For the nine months of the year, revenue grew 25% to EGP 9 billion, EBITDA 35% to EGP 977 million and earnings 48% to EGP 777 million.

On the economic front, Egypt's GDP growth rate for first quarter of fiscal year 2008/09 stood at 5.8% and the urban inflation rate for November stabilized at 20.3%. Now that inflation has stabilized and is expected to start shrinking and reach the 10-12% level before the fiscal year ends, the Egyptian government has announced spending an extra US\$2.7 billion (EGP 15 billion) on infrastructure projects during the current fiscal year. As international food and commodity prices start declining, the government will re-channel part of its food subsidies to finance this increase. The additional infrastructure investments are part of the government's planned efforts to support economic growth and are not expected to negatively affect the budget deficit rather it is envisaged that it will remain at the level of 6.9% of GDP.

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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	-5.1%
Year to Date	-50.6%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 31.79
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	15
Beta	0.78
Sharpe Ratio	0.19

Top Holdings

Holding	Sector	% Holding
OCI	Contracting	5.6%
Maridive Oil & Services	Oil & Petrochemicals	5.2%
EK Holding	Investments	4.5%

Allocation By Sector Breakdown

