

Fund Manager's Strategy & Outlook

Volatility dominated the market during the month of November due to continued street protests and onset of the first phase of the parliamentary elections. Average daily turnover amounted to USD40 million vs. a three month average of USD50 million. The fund shed 7.8% over the month outperforming the Index which lost 8.9% over the same period.

Company result announcements also had their share of news during the month. Commercial International Bank (CIB) announced 3Q2011 results with a net income of EGP314 million showing a 20% year-on-year drop. Core banking income remained strong during the quarter but the drop was due to low trading, FX and investments income. Orascom Construction Industries (OCI) reported net income of USD183 million for 3Q2011 showing an annual growth of 24% and a quarter-on-quarter growth of 11% due to a better low base result compared to the higher tax rate adjustments that were imposed during 2Q2011. On the real estate side, Talaat Moustafa Group (TMG) announced 3Q2011 results with a year-on-year and quarter-on-quarter drop of 40% in net income while top line figures showed a very strong performance with 80% and 56% increase in revenues on a year-on-year and quarter-on-quarter basis respectively. The company also announced new sales of EGP900 million during the quarter. More importantly, the conflict of "Madinaty" land was finally resolved after the Egyptian Administrative Court came with a decision in favor of TMG and announced that the contract is valid.

On the economic front, headline inflation continued its decline after recording a four year low of 7.1% year-on-year in October. Core inflation also decelerated to 7.6% year-on-year in October. Net international reserves reached USD22 billion after shedding USD2 billion during the month. On a separate note, Egypt has signed an agreement with the Arab Monetary Fund for a loan amounting to USD200 million to support the budget deficit and balance of payment. Furthermore, the Islamic Development Bank has offered USD400 million to help Egypt finance imports of petroleum products, wheat and other foodstuffs.

The fund manager continues to position in stocks with defensive operations and use market turbulence to benefit from short term trading opportunities in large cap stocks.

EFG-Hermes Asset Management

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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		-7.8%
Year To Date		-48.6%
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 21.76
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		0.79
Sharpe Ratio		0.01

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	11.5%
Orascom Construction Industries	Construction	10.7%
Talaat Mustafa Group	Real Estate	8.6%

Allocation By Economic Sector

