

### Fund Manager's Strategy & Outlook

The market witnessed heightened volatility during the month of October 2012 owing to negative announcements on the companies' front as well as unclear government decisions with regards to investors' disputes. Accordingly, strong selling force was witnessed during the month emanating from local retail investors. Nevertheless, the fund managed to outperform the HFI index during the month by 0.7% while the fund's year to date performance reached 57.1%.

The market witnessed mixed news during the month of October 2012. Companies' reaction to the president's announcements during 6<sup>th</sup> of October celebrations dominated the market during the first weeks of the month with Orascom Construction Industries (OCI) clarifying that it has not violated any capital gains tax laws with respect to the sale of the group's cement business to Lafarge in 2007. OCI management also stated that it does not expect retroactive implementation on any future change to the tax law. Talaat Mostafa Group (TMG) has also clarified that its legal position with regards to the "Madinaty" case is stable with no new notifications from the Administrative Control Authority regarding its acquisition of the land or commitment to the contract. On a separate note, Juhayna Food Industries announced finalizing 65% of the construction work of its new yoghurt plant with expectations to have the project completed by the start of 2013 along with a new dairy farm which will help boost the company's margins. On the real estate front, SODIC announced achieving pre-sales worth of EGP1.5 billion in the first 9 months of 2012 while aiming to reach EGP2 million in FY2012. The company also announced that it's looking into increasing its land bank through directly purchasing new land spots and acquiring companies with large land banks.

On the economic front, Egypt's budget deficit showed an annual increase of 15.5% reaching EGP50 billion during the first quarter of FY2012/2013 with expectations to reach EGP200 billion if essential economic reformations do not take place. On a separate note, tourism arrivals showed a significant increase during the first 9 months of 2012 showing an annual growth of 20%. Net International Reserves fell slightly during the month of September to reach USD15 billion, however, the government plans to grow reserves by USD5 billion to reach USD20 billion by the end of FY2012/2013 with foreign investments increasing by approximately USD3 billion during the year. Annual headline inflation declined to 6.2% in September 2012 compared to 6.4% in August 2012.

With the prevailing market volatility, the fund manager will maintain his cautious stance over the coming period. The fund manager will continue locking-in profits in outperforming stocks since the beginning of the year while allocating the proceeds in defensive high yielding names.

EFG-Hermes Asset Management

Tel: +20 2 3535 6528 / Fax: +20 2 3537 0924  
 E-mail: [AMsales@efg-hermes.com](mailto:AMsales@efg-hermes.com)

### 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	-1.8%
Year to Date	57.1%
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 30.87
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	20
Beta	0.81
Sharpe Ratio	0.13

### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	13.3%
Orascom Construction Industries	Construction	10.0%
Telecom Egypt	Telecom.	9.1%

### Allocation By Economic Sector

