

### Fund Manager's Strategy & Outlook

The Egypt Fund ended September up 1.3%, bringing year-to-date returns to 25.8%. The market witnessed lower volumes than the rest of the summer and despite rallying a bit during the month the market closed the month up 1.7%, expectedly cooling off during a month taken up by Ramadan and the ensuing Eid holidays.

On the market front, Orascom Telecom (OT) raised concerns with the issue of repatriation of their income from their Algerian subsidiary, receiving a downgrade from Moody's after succeeding in repatriating only 50% of the Algerian earnings and the issue weighed down on the stock's performance. News from Africa were more on the positive side as OT seeks growth in their underpenetrated markets, announcing a bid for a Nigerian operator and the expectation of a doubling in subscriber number in their Zimbabwe subsidiary. Trails of the France Telecom (FT)—Mobinil conflict still remained as FT's third bid was rejected by regulators.

Telecom Egypt, the market's other telecom play, was also slightly hampered by the government's surprise announcement that they will be awarding several new "Triple-Play" licenses in closed compounds without the upfront fees that served as the traditional barrier to entry in the telecom market.

The economy remained in the spotlight with the Euromoney conference held this month. After the better-than-expected GDP growth for FY 2008/2009, the government renewed its commitment to active economic stabilization and announced a second leg to last year's EGP 15bn stimulus package with EGP 8-13bn expected to be pumped into the economy over the coming fiscal year. Details of the economic performance of the last fiscal year were released and showed resilience of locally-driven segments and the government's success in filling in the investment gap left by the decline in private sector investments. The government's expectations for next year's growth are on the optimistic side with 5.5%, but if the acceleration seen in the last quarter of the fiscal year maintains its momentum, it might not be that difficult to reach. The Central Bank of Egypt (CBE) on the other hand, continued its expansionary path with another cut of 25bps supported by the still-declining inflation.

Profit-taking during the month and in the coming period would present an opportunity for the Fund Manager to build positions in large cap high-beta stocks at bargain prices. In the meantime the bet on medium caps and off-index stocks is paying off with stocks driven by domestic consumption such as Olympic Group, and Misr Beni Sweif Cement. And while the market has certainly had a long rally this year, the fundamentals of the economy and the companies seem to leave more to come.

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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	1.3%
Year to Date	25.8%
2008	-46.2%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

### Fund Information

NAV per share	USD 43.50
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	27
Beta	0.98
Sharpe Ratio	0.69

### Top Holdings

Holding	Sector	% Holding
Telecom Egypt	TMT	8.9%
CIB	Financial Services	7.2%
EI Sewedy Cables	Building Materials	5.0%

### Allocation By Economic Sector

