

Ordinary shares of US\$0.001 each (the "**A Class Ordinary Shares**", as defined more fully below) in the capital of The EFG-Hermes Egypt Fund Limited (the "**Company**") issued or available for issue were admitted to listing on the Official List and to trading in the Main Securities Market (being previously known as the "Main Market") of the Irish Stock Exchange (the "**ISE**") in August 1996. The C Class Ordinary Shares are not publicly listed.

The Directors of the Company, whose names appear on page 35 of this Explanatory Memorandum, accept responsibility for the information contained in this Explanatory Memorandum. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything which is likely to affect the import of such information. The Directors accept responsibility accordingly.

THE EFG-HERMES EGYPT FUND LIMITED

(an exempted company incorporated with limited liability
under the laws of Bermuda with registered number 22175)

Issue of A Class Ordinary Shares

(at a Subscription Price calculated by
reference to the Net Asset Value per A Class Ordinary Share)

Issue of C Class Ordinary Shares

(at an Initial Subscription Price calculated by reference to the Net Asset Value per A Class Ordinary Share and
thereafter by
reference to the Net Asset Value per C Class Ordinary Share)

Manager:

EFG-HERMES FINANCIAL MANAGEMENT (EGYPT) LIMITED

(an exempted company incorporated with limited liability
under the laws of Bermuda with registered number 22174)

This Explanatory Memorandum replaces and overrides any other explanatory memorandum or share offer document issued by or on behalf of the Company prior to the Publication Date.

The Ordinary Shares have not been and will not be registered under the 1933 Act and may only be offered, sold or otherwise transferred, directly or indirectly, to a United States citizen or resident or to a corporation, company, trust or other entity chartered or organized under the laws of any jurisdiction in the United States, its territories or possessions in private placements exempt from registration pursuant to Regulation D under the 1933 Act. Any investors who are US Persons must be both (a) "Accredited Investors," as defined in Regulation D under the 1933 Act and (b) "Qualified Purchasers," as that term is defined in Section 2(a)(51)(A) of the 1940 Act. The Ordinary Shares are being offered and sold outside the United States to persons who are not U.S. Persons in reliance on Regulation S under the 1933 Act. The Ordinary Shares are further subject to the restrictions on transfer set forth in this Explanatory Memorandum and the Bye-laws of the Company and any other terms which may have been agreed between the Company and any investor in relation to restrictions on the transfer of Ordinary Shares.

The Company has not been and will not be registered under the 1940 Act, nor has this Explanatory Memorandum been filed with or reviewed by the U.S. Securities and Exchange Commission or any U.S. federal or state agency. Neither the U.S. Securities and Exchange Commission nor any state or federal agency has passed upon the accuracy or adequacy of this Explanatory Memorandum or endorsed the merits of this offering. The Ordinary Shares have not been recommended by any U.S. federal or state securities commission or any U.S. regulatory authority.

Prospective investors are notified that the Company may be relying on the exemption from the registration provisions of Section 5 of the 1933 Act provided by Regulation D, or another exemption from the registration requirements of the 1933 Act.

The Company is an unregulated collective investment scheme for the purposes of the UK Financial Services and Markets Act 2000 ("FSMA") and the Ordinary Shares in the Company may not be marketed in the United Kingdom to the general public.

This Explanatory Memorandum may not be distributed in the United Kingdom by a person that is an authorised person within the meaning of FSMA other than in accordance with the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (SI 2001/1060), or the conduct of business rules of the United Kingdom Financial Services Authority's Conduct of Business Sourcebook (and in particular COBS 4.12 thereof).

The contents of this Explanatory Memorandum have not been approved by an authorised person within the meaning of the FSMA. Reliance on this Explanatory Memorandum for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This Explanatory Memorandum is directed only at (i) persons outside the United Kingdom to whom it may lawfully be directed; or (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) (the "Order"); or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order.

Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication.

Any individual that is in any doubt about the investment to which the communication relates should seek its own personal financial advice from an appropriately qualified independent adviser authorised pursuant to FSMA if in the United Kingdom or otherwise regulated under the laws of that individual's own country.

The requirements that must be met for an individual to be certified as a certified high net worth individual are that such person had, during the immediately preceding financial year, an annual income to the value of £100,000 or more or net assets to the value of £250,000 or more. Net assets for these purposes do not include: (i) the property which is his primary residence or any loan secured on that residence; (ii) any rights of his under a qualifying contract of insurance within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; or (iii) any benefits (in the form of pensions or otherwise) which are payable on the termination of his service or on his death or retirement and to which he is (or his dependants are), or may be, entitled.

Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication.

Any individual who is in any doubt about the investment to which the communication relates should consult an authorised person specialising in advising on investments of the kind on question.

This Explanatory Memorandum should be read in conjunction with the most recently available annual report and audited accounts of the Company and (if more recent) the most recently available interim report and accounts.

This Explanatory Memorandum is dated 1 February 2012

IMPORTANT INFORMATION FOR INVESTORS

No broker, dealer or other person has been authorised by the Company, its Directors or the Manager to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary Shares other than those contained in this Explanatory Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors or the Manager.

This Explanatory Memorandum does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for, or otherwise acquire, any Ordinary Shares by any person in any jurisdiction:

- (a) in which such offer or invitation is not authorised;
- (b) in which the person making such offer or invitation is not qualified to do so; or
- (c) to any person to whom it is unlawful to make such offer or invitation.

The Ordinary Shares may not be purchased by persons under the age of 21.

Permission under the Exchange Control Act 1972 of Bermuda, as amended (and regulations made thereunder) has been obtained from the Bermuda Monetary Authority for the issue (and subsequent transfer) of the Ordinary Shares being offered pursuant to this Explanatory Memorandum to persons not resident in Bermuda for Exchange Control purposes. The Company has been authorised as a Standard Fund under the Investment Funds Act 2006 of Bermuda, as amended. In addition, a copy of this Explanatory Memorandum has been delivered to the Registrar of Companies in Bermuda for filing pursuant to the Companies Act 1981 of Bermuda, as amended. Authorisation by the Bermuda Monetary Authority does not constitute a guarantee by the Bermuda Monetary Authority as to the performance or creditworthiness of the Company. Furthermore, in authorising such a fund the Bermuda Monetary Authority shall not be liable for the performance of the Company or the default of its operators or service providers, nor for the correctness of any opinions or statements expressed within this Explanatory Memorandum.

SPECIAL NOTICE TO FLORIDA INVESTORS

THE FOLLOWING NOTICE IS PROVIDED TO SATISFY THE NOTIFICATION REQUIREMENT SET FORTH IN SUBSECTION 11(A)(5) OF SECTION 517.061 OF THE FLORIDA STATUTES, 1987, AS AMENDED:

UPON THE ACCEPTANCE OF FIVE (5) OR MORE FLORIDA INVESTORS, AND IF THE FLORIDA INVESTOR IS NOT A BANK, A TRUST COMPANY, A SAVINGS INSTITUTION, AN INSURANCE COMPANY, A DEALER, AN INVESTMENT COMPANY AS DEFINED IN THE 1940 ACT, A PENSION OR PROFIT-SHARING TRUST, OR A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE ACT), THE FLORIDA INVESTOR ACKNOWLEDGES THAT ANY SALE OF AN INTEREST TO THE FLORIDA INVESTOR IS VOIDABLE BY THE FLORIDA INVESTOR EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE FLORIDA INVESTOR TO THE ISSUER, OR AN AGENT OF THE ISSUER, OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO THE FLORIDA INVESTOR, WHICHEVER OCCURS LATER.

ENFORCEMENT OF JUDGMENTS

The Company is a company incorporated under the laws of Bermuda. The majority of the Company's assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce outside the United States judgments obtained against the Company or such persons in the United States, including without limitation judgments based upon the civil liability provisions of the U.S. federal securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Bermuda. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the United States, liabilities under U.S. securities laws.

Prospective investors should not treat the contents of this Explanatory Memorandum as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to:

- (i) the legal requirements within their own countries for the purchase, holding, redemption or other disposal of Ordinary Shares;**
- (ii) any foreign exchange restrictions which they might encounter; and**
- (iii) the income and other tax consequences which may apply in their own countries relevant to the purchase, holding, redemption or other disposal of Ordinary Shares.**

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax and related matters concerning the Company and any investment therein.

Prospective investors should be aware that investment in Egypt carries a significant degree of risk. The Company is only suitable for investment by investors who are aware of and understand the risks involved and are able to withstand the loss of their invested capital. Prospective investors are referred to pages 14 to 24 below for a summary of certain of the risks involved.

All parties shall resolve conflicts of interest that arise on an equitable basis having regard to their contractual obligations to the Company and other clients. Should a material conflict of interest actually arise, the Directors will endeavour to ensure that it is resolved fairly.

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DEFINITIONS

The following definitions apply throughout this Explanatory Memorandum:

"1933 Act"	means the United States Securities Act of 1933, as amended
"1940 Act"	means the United States Investment Company Act of 1940, as amended
"A Class Ordinary Shares"	means the ordinary shares in the Company currently in issue and to be issued, which are subject to certain fees attributable to such class as set out on page 58 of this Explanatory Memorandum
"Accredited Investor"	has the meaning provided in Regulation D of the 1933 Act
"Administration Agreement"	means the agreement between the Company and the Administrator, the material terms of which are set out on pages 81 to 82 of this Explanatory Memorandum
"Administrator"	means HSBC Securities Services (Bermuda) Limited, a company incorporated and established under the laws of Bermuda and having its registered office at 6 Front Street, Hamilton HM 11, Bermuda
"Auditor"	means Deloitte & Touche Bahrain
"Authority"	means the Bermuda Monetary Authority
"Business Day"	means any day on which banks in Bahrain, Bermuda and Egypt are open for normal banking and foreign exchange business
"Bye-laws"	means the memorandum of association and bye-laws of the Company, as may be amended from time to time
"CFC"	means a controlled foreign corporation
"Closing Date"	means the first Valuation Day following the Publication Date, or such other date as the Directors may decide at their sole discretion and in the interests of the Company
"Code"	means the U.S. Internal Revenue Code of 1986, as amended
"Company"	means The EFG-Hermes Egypt Fund Limited, a company incorporated and established under the laws of Bermuda on 19 July 1996 with registered number 22175 and whose registered office is at 6 Front Street, Hamilton HM11, Bermuda
"C Class Ordinary Shares"	means the ordinary shares of the Company to be issued which carry, among other things, certain obligations in respect of the Management Fee as set out on page 58 of this Explanatory Memorandum
"Custody Agreement"	means the agreement between the Company and the Global Custodian, the material terms of which are set out on pages 79 to 81 of this Explanatory Memorandum

"Directors"	means the members of the board of directors of the Company
"Distribution Fee"	means the fee payable by the Company to the Manager in respect of the issue of C Class Ordinary Shares and in accordance with the Management Agreement effective 1 September 2008, as amended by a deed of amendment effective 19 January 2012 between the Company and the Manager, such fees being more detailed under the section headed "Fees and Expenses" of this Explanatory Memorandum
"Dividend Reinvestment Plan"	means the dividend reinvestment plan as described on page 57 of this Explanatory Memorandum
"EFG-Hermes Group"	means EFG-Hermes Holding S.A.E. and its subsidiaries and affiliates which, for the avoidance of doubt, includes EFG-Hermes Financial Management (Egypt) Limited
"Egyptian Pounds" or "LE"	means the lawful currency of Egypt
"EGX"	means the Egyptian Stock Exchange
"ERISA"	means the U.S. Employee Retirement Income Security Act of 1974, as amended
"EUR"	means the lawful currency of the European Union
"Explanatory Memorandum"	means this explanatory memorandum
"Fiscal and Sales Charges"	means all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other duties and charges, together with such other provision as the Directors in their discretion consider should be made for the costs associated with the acquisition, purchase, sale or disposal of investments or the creation, issue, sale, exchange or purchase of Shares or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but does not include commission payable to agents on sales and the purchase of Shares
"Front End Charge"	means a charge of up to 2 per cent. of the price on any Valuation Day at which A Class Ordinary Shares shall be offered for subscription, being the price calculated as described on pages 51 to 53 of this Explanatory Memorandum, such charge to be waived in full or in part at the discretion of the Manager
"FSMA"	means the Financial Services and Markets Act 2000, as may be amended from time to time

"Global Custodian"	means HSBC Bank Middle East Limited, a company incorporated and established in Jersey and whose registered address is at 1 Grenville Street, St Helier, Jersey, JE4 8UB operating through its Bahrain branch Building No. 2505, Road No. 2832, Al Seef 428, Manama, the Kingdom of Bahrain
"HSBC Group"	means HSBC Bank Middle East Limited and HSBC Securities Services (Bermuda) Limited and its subsidiaries and affiliates
"Initial Offer"	means the initial offer of C Class Ordinary Shares, which shall continue for the duration of the Initial Offer Period
"Initial Offer Period"	means the period of time for which the Initial Offer of C Class Ordinary Shares shall continue, being approximately one month from and including the Publication Date until the Closing Date, or such other date as the Directors may decide at their sole discretion and in the interests of the Company
"Initial Subscription Price"	means, for the duration of the Initial Offer Period, the initial subscription price per C Class Ordinary Share, calculated by reference to the latest Net Asset Value per A Class Ordinary Share
"Investment Advisor"	means Hermes Fund Management S.A.E., an Egyptian joint stock company with commercial registration number 12947, having its registered office at 129 B Smart Village, Cairo Alexandria Desert Road, Egypt
"Investment Advisory Agreement"	means the agreement between the Manager and the Investment Adviser, by virtue of which the Manager has delegated certain duties to the Investment Adviser
"Investment Committee"	means the investment committee of the Company as described on page 44 of this Explanatory Memorandum
"ISE"	means the Irish Stock Exchange
"KYC" or "Know Your Customer"	means the 'know your customer' due diligence required under the laws of Bermuda (and any other applicable jurisdiction) and policy and relevant guidelines to verify the identity of the Shareholders and ascertain the nature of their business
"Management Agreement"	means the agreement between the Company and the Manager, the material terms of which are set out on pages 78 to 79 of this Explanatory Memorandum
"Management Fee"	means the fee payable by the Company to the Manager in accordance with the Management Agreement, such fees being more detailed under the section headed "Fees and Expenses" of this Explanatory Memorandum

"Manager"	means EFG-Hermes Financial Management (Egypt) Limited, a company incorporated and established in Bermuda on 19 July 1996 with registration number 22174 and whose registered address is at c/o International Corporate Management of Bermuda Limited, Bermuda Commercial Bank Building, 19 Par-la-ville Road, Hamilton, HM11, Bermuda. The Manager is not registered with the U.S. Securities and Exchange Commission under the U.S. Investment Advisers Act of 1940, as amended
"MENA Region"	means Saudi Arabia, United Arab Emirates, Oman, Qatar, Bahrain, Kuwait, Iraq, Jordan, Palestine, Lebanon, Morocco and Tunisia
"Money Laundering Regulations"	means Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 of Bermuda, as amended
"NAV" or "Net Asset Value"	means the net asset value of the Company or per Ordinary Share of the relevant class, as the context may require, calculated as described on pages 51 to 53 of this Explanatory Memorandum
"OECD"	means The Organisation for Economic Co-operation and Development
"Ordinary Shares"	means ordinary shares of US\$0.001 each in the Company, being either A Class Ordinary Shares or C Class Ordinary Shares, as the relevant context requires
"PFIC"	means a passive foreign investment company
"Placing Agent"	means the Manager or any distributor or placing agent retained by the Company or the Manager from time to time for the purpose of placing Ordinary Shares in the Company
"Publication Date"	means 1 February 2012
"Qualified Purchaser"	has the meaning provided in Section 2(a)(51)(A) of the 1940 Act
"Redemption Day"	means every Monday which is a Business Day and/or such other Valuation Days as the Directors determine to permit redemptions
"Redemption Fee"	has the meaning set out under heading "Redemption Fee" in section "Fees and Expenses"
"Redemption Price"	means the price at which Ordinary Shares of the relevant class will be redeemable both in respect of redemptions at the option of Shareholders and in respect of compulsory redemptions at the option of the Company and calculated as described on pages 51 to 53 of this Explanatory Memorandum
"Registrar"	means HSBC Securities Services (Bermuda) Limited, a company incorporated and established in Bermuda and having its registered office at 6 Front Street, Hamilton HM 11, Bermuda

"Registrar Agreement"	means the agreement between the Company and the Registrar, the material terms of which are set out on pages 82 to 83 of this Explanatory Memorandum
"Secretary"	means such individual as may be employed by the Administrator and approved by the Directors from time to time
"Shareholders"	means the registered holders of Ordinary Shares from time to time
"Subscription Agreement"	means the application form for use in connection with the offer for subscription for Ordinary Shares
"Subscription Price"	means, as the relevant context may require: <ul style="list-style-type: none"> • the price on any Valuation Day at which A Class Ordinary Shares shall be offered for subscription, being the price calculated as described on pages 51 to 53 of this Explanatory Memorandum, plus a Front End Charge (as may be applicable); • the price on any Valuation Day, excluding any Valuation Day falling within the Initial Offer Period, at which the C Class Ordinary Shares shall be offered for subscription, being the price calculated as described in pages 51 to 53 of this Explanatory Memorandum
"Tax-Exempt U.S. Persons"	means a U.S. Shareholder that is subject to ERISA or is otherwise exempt from payment of U.S. federal income tax
"TIOPA 2010"	means the Taxation (International and Other Provisions) Act 2010
"UBTI"	means the "unrelated business taxable income"
"U.S." or "United States"	means the United States of America, its territories and possessions and any State of the United States and District of Columbia
"USD or U.S. Dollars or US\$"	means the lawful currency of the United States of America
"U.S. Person"	means a U.S. person as that term is defined under Regulation S of the 1933 Act, unless otherwise defined herein
"Valuation Day"	every Monday which is a Business Day and/or such other days as the Directors may nominate as a Valuation Day

In this Explanatory Memorandum references to the singular shall include the plural and vice versa.

SUMMARY

The following summary should be read in conjunction with the full text of this Explanatory Memorandum:

- The Company:** The EFG-Hermes Egypt Fund Limited is an investment company incorporated in Bermuda for the purpose of providing Shareholders with the opportunity of investing indirectly in Egypt.
- Investment Objective and Policy:** The principal investment objective in the management of the Company's investments is long term capital appreciation. The Company will invest principally in Egyptian equity and equity-related securities of companies that are listed on Egyptian Stock Exchange.
- Net Asset Value:** Investors should refer to the latest Net Asset Value information, in respect of each Ordinary Share class, as contained in the marketing materials of the Company and available on request from the Manager, details of whom are set out on page 35 of this Explanatory Memorandum.
- Further Subscription:** Further Ordinary Shares may be issued as of any Valuation Day at prices calculated by reference to the Net Asset Value per Ordinary Share of the relevant class plus, in the case of A Class Ordinary Shares, a discretionary Front End Charge of up to 2 per cent. of the Subscription Price. The minimum initial investment by an applicant is US\$10,000.
- Management:** The Manager of the Company is EFG-Hermes Financial Management (Egypt) Limited. The Manager is not currently registered with the SEC as an investment adviser but may, if require to do so, register in the future.
- The Ordinary Shares:** The Ordinary Shares are issued in registered form and rank pari passu in all respects. The A Class Ordinary Shares and C Class Ordinary Shares have been accepted for clearance through Euroclear and Clearstream with the common code 6932444. The ISIN code for the A Class Ordinary Shares is ISIN BMG2948Y 1093 and the SEDOL code is 0-306-504. The ISIN for the C Class Ordinary Shares is BMG294051005 and the SEDOL code is B3CPWC9.
- Listing:** The A Class Ordinary Shares were admitted to listing on the Official List and to trading in the Main Market of the ISE in August 1996.
- Application has been made to the ISE for the C Class Ordinary Shares to be admitted to the Official List and to trading on the Main Securities Market of the ISE. This Explanatory Memorandum will be updated when the C Class Ordinary Shares approach the completion of their listing.
- There is no guarantee that such application will be completed and investors should not rely on such an application being made.

Transfer Restrictions:	<p>Ordinary Shares may only be transferred in accordance with Bye-laws.</p> <p>In addition, the Directors have determined that, no transfer of Ordinary Shares may be made if such transfer would in the opinion of the Directors (i) prejudice the tax status or residence of the Company or its Shareholders as a whole (ii) cause the Company or any of its Shareholders as a whole to suffer any pecuniary, legal, regulatory or material administrative disadvantage (iii) or cause the Company to require to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; (iv) cause the assets of the Company to be treated as “plan assets” under ERISA or Section 4975 of the Code; or (v) require registration of the Company as an investment company under the 1940 Act.</p> <p>The Ordinary Shares may only be offered, sold or otherwise transferred to a United States citizen or resident or to a corporation, company, trust or other entity chartered or organized under the laws of any jurisdiction in the United States, its territories or possessions in private placements exempt from registration pursuant to Regulation D under the 1933 Act. Investors who are U.S. Persons must be both (a) “Accredited Investors,” as defined in Regulation D under the 1933 Act and (b) “Qualified Purchasers,” as that term is defined in Section 2(a)(51)(A) of the 1940 Act, for purposes of Section 3(c)(7) thereunder.</p>
Redemptions:	<p>The Ordinary Shares are redeemable at each Redemption Day, subject to the restrictions and limitations on redemptions referred to on pages 47 to 56 of this Explanatory Memorandum.</p>
Distribution Policy:	<p>The Company distributes its net investment income from interest and dividends annually at the discretion of the Directors. The Company reinvests all of its realised capital gains.</p> <p>Potential investors are free to choose to either receive distributions directly, or to opt to have such distributions automatically reinvested in new Ordinary Shares of the Company.</p>
Taxation:	<p>Under currently prevailing taxation law and practice, no tax will be payable by the Company in Bermuda. A summary of the tax position in Bermuda, Egypt, the United Kingdom and the United States of America appears on pages 60 to 72 of this Explanatory Memorandum.</p>
Custody:	<p>HSBC Bank Middle East Limited, Bahrain Branch, has been appointed as the Company’s Global Custodian.</p>
Accounting, Administration, Company Secretarial and Registrar Services:	<p>HSBC Securities Services (Bermuda) Limited is the Company’s Registrar and Administrator (in which capacity, among other things, it calculates the Net Asset Value and shall nominate an employee to be appointed by the Directors as Secretary to the Company).</p>

Management Fees: In relation to the issue of A Class Ordinary Shares, the Manager is entitled to a Management Fee accruing on each Valuation Day, at the rate of 1.75 per cent. per annum of the Net Asset Value attributable to A Class Ordinary Shares (see page 58 for more details).

In relation to the issue of C Class Ordinary Shares, the Manager is entitled to a Management Fee accruing on each Valuation Day at the rate of 1.75 per cent. per annum of the Net Asset Value attributable to C Class Ordinary Shares. In addition, the Manager is entitled, in relation to the issue of C Class Ordinary Shares, to receive a Distribution Fee accruing on each Valuation Day at an annual rate of 1 per cent. of the Net Asset Value attributable to C Class Ordinary Shares (see page 58 for more details).

Front End Charge: A Front End Charge of up to 2 per cent. of the Subscription Price is payable out of the proceeds of the issue of any A Class Ordinary Shares. This Front End Charge is payable to the Placing Agent to whom the relevant A Class Ordinary Shares were placed. The Front End Charge may be waived in whole or in part (at the discretion of the Directors) in respect of persons who assist in placing of A Class Ordinary Shares (whether as principal or agent).

Other Fees and Expenses: In consideration for the services and functions to be performed by the Global Custodian, the Company has agreed to pay to the Global Custodian such fees as may be agreed between them from time to time along with all expenses incurred by the Global Custodian or any other person appointed by it to perform such services and functions.

The Company (save as mentioned above) bears all brokerage commissions and other transaction and dealing costs and taxes, and all operational and administrative expenses including the fees of the Registrar and Administrator (see page 59 for details of such fees). The Company shall also bear the cost of the Bermuda annual government fee and such annual fee as may be payable pursuant to the Investment Business Act, 2006 of Bermuda.

The ongoing cost of maintaining the listing of the A Class Ordinary Shares on the ISE is approximately EUR3,000 per annum. The cost of listing the C Class Ordinary Shares on the ISE is approximately EUR5,000 and the costs of maintaining the listing of the C Class Ordinary Shares on the ISE is incorporated into the fee for the A Class Ordinary Shares.

Risk Factors: **Investment in the Company carries significant risk and should be regarded as long term in nature and is only suitable for investors who understand the risks involved. Investors may not recover monies invested. Potential investors are referred to pages 14 to 24 below for a summary of certain of the risks involved.**

RISK FACTORS

Investing in the Company involves certain considerations in addition to the risks normally associated with making investments in securities. The value of the Ordinary Shares may go down as well as up and there can be no assurance that on a redemption, or otherwise, investors will receive back the amount originally invested. Accordingly, the Company is only suitable for investment by investors who understand the risks involved and who are able and willing to withstand the total loss of their investment.

Before subscribing for Ordinary Shares prospective investors should consult independent qualified sources for investment, legal and tax advice and consider, among other factors, those below:

Potential Market Volatility in Egypt and the MENA Region

The prices of certain securities listed on stock markets in Egypt and the MENA Region have been subject to sharp fluctuations and sudden declines and no assurance can be given as to the future performance of listed securities in general. Volatility of prices may be greater than in more developed stock markets. Prospective investors should therefore be aware that the value of Ordinary Shares and the income derived from them is likely to fluctuate.

Foreign Investment Infrastructure

The infrastructure for the safe custody of security and for purchasing and selling securities, settling trades, collecting dividends, initiating corporate actions, and following corporate activity is not as well developed in all the markets of Egypt and the MENA Region as is the case in certain more developed markets. Additionally, some markets within these regions are developing fast and this can give rise to strains on the investment infrastructure.

Market Liquidity

In some circumstances, investments may be relatively illiquid, sometimes as they are subject to legal or contractual restrictions on their resale and sometimes due to a relatively inactive market. This can make it difficult to acquire or dispose of these investments at the prices quoted on the various exchanges and over-the-counter. At times it may be difficult to obtain price quotes at all. Therefore, the Company may be adversely affected by a decrease in market liquidity for the instruments in which they invest and this may impair the Company's ability to adjust its positions subject to delay and administrative uncertainties and it may experience adverse price movements upon liquidation of its investments. In addition, the sale of such assets often requires more time and results in higher brokerage charges and other selling expenses than does the sale of investments which are eligible for trading on exchange or for which there is an active over-the-counter market. The size of the Company's positions may magnify the effect of a decrease in market liquidity for such instruments.

Corporate Disclosure, Accounting and Regulatory Standards

It may be the case that companies in Egypt and the MENA Region are not subject to disclosure, accounting, auditing and financial standards which are equivalent to those applicable in more developed countries. Such information as is available is often less reliable. There may be less rigorous government supervision and regulation in Egypt and the MENA Region, and the regulatory regime relating to foreign investment may, compared to more developed countries, still be in its infancy. This may mean that rules are being applied for the first time or inconsistently, which may result, inter alia, in the amount and nature of information available to the Company about investee companies and

potential investments being inconsistent from time to time and from company to company. In addition, companies involved in the provision of financial and investment services have only recently been subject to a more developed regulatory regime and, in particular, to restrictions on the disclosure of information. In particular new regulations drafted to impose strict requirements and conditions on such companies, equivalent to those in more developed markets have not all been implemented as yet.

Political Climate and Extremism

At times, Egypt and the MENA Region has historically been subject to political instability and its prospects are tied to the continuation of economic and political liberalisation in the region. Instability may result from factors such as government or military intervention in decision-making, terrorism, civil unrest, extremism or hostilities between neighbouring countries. An outbreak of hostilities could result in substantial losses for the Company. Extremist groups in certain countries have traditionally held anti-Western views and are opposed to openness to foreign investments. If these movements gain strength they could have a destabilising effect on the investment activities of the Company.

Investment in Smaller Companies

The companies in which the Company invests may include small unlisted companies, and even many of the listed companies in which the Company invests will have a lower market capitalisation than many companies listed in OECD countries. Investment in the securities of smaller companies can involve greater risks than is customarily associated in larger, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals. In addition, the market for shares in smaller companies is often less liquid than that for shares in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such shares.

Governmental Prohibitions

The investment objective and policies of the Company permit the Company, amongst other things, to invest in securities issued and listed in Egypt and the MENA Region (subject to certain restrictions) and the securities of non-listed issuers located within Egypt. Egypt and the MENA Region may be the subject of restriction on investment by U.S. citizens. Although the Company's investment objective and policies would permit such investment, the Directors have determined that the Company will not for the time being invest in any issuer which is the subject of restriction on investment that would preclude ownership of the portfolio security by a U.S. Person.

Conflicts of Interest

Due to the widespread operations undertaken by the EFG-Hermes Group and the Directors of the Company and their respective affiliates, employees and agents, conflicts of interest may arise (including situations where Directors are invested in products managed by members of the EFG-Hermes Group). For example, any such party may promote, manage, advise, sponsor or be otherwise involved in further collective investment vehicles and, in particular there could arise conflicts relating to the allocation of investment opportunities between the Company and such other collective investment schemes or other clients of the EFG-Hermes Group. In such circumstances the EFG-Hermes Group (including the Manager) has agreed to allocate such opportunities equitably between such clients and the Company. The EFG-Hermes Group has agreed to use best efforts to resolve any such conflict fairly. In addition any such party may provide services to, or deal with the Company, as principal or agent. This may include entities related to Directors or members of the EFG-Hermes Group or the Manager acting as agent or broker in connection with the acquisition and/or disposal of

investments by the Company or selling securities to the Company, as principal or agent, where such affiliate is a promoter, sponsor or underwriter or otherwise involved in the distribution of such securities. In all such cases the terms on which such services are provided or upon which such transactions are effected (including brokerage commission rates) shall be no less favourable to the Company than could have been expected had the transaction or service been effected with, by or through an independent third party. The Manager will report to the Directors, on an annual basis, full details of the volume of brokerage handled by members of the EFG-Hermes Group and entities related to the Directors as well as the amount of brokerage commission charged.

The Company is required to comply with certain restrictions when investing in the common shares of EFG-Hermes Holding S.A.E. as further described under the section headed, "Investment Policy".

All parties shall resolve conflicts of interest that arise on an equitable basis having regard to their contractual obligations to the Company and other clients. Should a material conflict of interest actually arise, the Directors will endeavour to ensure that it is resolved fairly.

Business Risk

There can be no assurance that the Company will achieve its investment objective. The investment results of the Company will be reliant upon the success of the Manager and the Investment Adviser in pursuing the investment objective and investment policy of the Company.

General Investment and Trading Risks

All investments present the risk of loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability of national and international politics and governmental events and changes in income tax laws. Moreover, the Company may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions. The Company's investment programme may utilise a wide variety of investment techniques, including option and margin transactions, short sales, commodity contracts, forwards, futures, swaps and spot contracts. In certain circumstances, trading such instruments can substantially increase the adverse impact to which the Company may be subject. No guarantee can be made that the Company's investments will be successful.

Interest Rate Risks

Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. Investment with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than investments with shorter durations.

Currency and Exchange Rate Risks

The Company may invest in equity assets denominated in currencies other than U.S. Dollars and also in assets which have their prices determined with reference to currencies other than the U.S. Dollar. The Company though will generally value its assets in U.S. Dollars. To the extent that they are unhedged, the value of the Company's investments shall be in the various local markets and currencies. Thus any increase in the value of the U.S. Dollar compared to the other currencies in which the

Company may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of the Company's assets in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite affect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Company's non-U.S. Dollar assets.

The Ordinary Shares are denominated in U.S. Dollars, and, as such, will be issued and redeemed in that currency. Certain assets of the Company may, however, be invested in securities and other investments which are denominated in currencies other than U.S. Dollar. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Manager and the Investment Adviser may seek to hedge the resulting foreign currency exposure of the Company. However, the Company will necessarily be subject to foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominantly in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

Non-U.S. Exchanges

The Company will trade on exchanges and markets located outside the United States. Trading on exchanges outside the U.S. is not regulated by the Securities and Exchange Commission or the Commodities Futures Trading Commission and therefore may be subject to greater or different risks than trading on U.S. exchanges. These can include the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments made in non-U.S. securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commission rates and custody fees.

Counterparty and Settlement Risk

Transactions by the Company will not be limited to transactions on, or effected under the rules of, major securities or futures exchanges and it is expected that a significant number of trades will be effected off-exchange, directly with counterparties. The Company will take a credit risk on the parties with which they trade or with which they engage in securities lending, and therefore the Company acting through the Manager or the Investment Adviser will seek to transact only with major established counterparties. The Company will also bear the risk of settlement default by clearing houses and exchanges. Any default will also be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

Market Liquidity

In some circumstances, investments may be relatively illiquid, sometimes as they are subject to legal or contractual restrictions on their resale and sometimes due to a relatively inactive market. This can make it difficult to acquire or dispose of these investments at the prices quoted on the various exchanges and over-the-counter. At times it may be difficult to obtain price quotes at all. Therefore, the Company may be adversely affected by a decrease in market liquidity for the instruments in which they invest and this may impair the Company's ability to adjust its positions subject to delay and administrative uncertainties and it may experience adverse price movements upon liquidation of its investments. In addition, the sale of such assets often requires more time and results in higher brokerage charges and other selling expenses than does the sale of investments which are eligible for trading on exchange or for which there is an active over-the-counter market. The size of the Company's positions may magnify the effect of a decrease in market liquidity for such instruments.

Market Risk

The market price of an investment owned by the Company may go up or down, sometimes unpredictably. The value of an investment may decline due to general market conditions, such as real or perceived adverse economic conditions or general adverse investment sentiment. Investments may also decline in value due to factors which affect a particular market sector.

Concentration of Investments

The Company will invest all of its assets, to the extent not retained in cash, in accordance with the investment objective and investment policy. Although it will be the policy of the Company to diversify its investment portfolio, the Company may at certain times hold relatively few investments. The Company could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer. Additionally, historical correlations may undergo dramatic change, thereby reducing expected diversification protections.

Dependence on the Manager

Subject to any delegation properly made of its duties, the Manager shall have ultimate responsibility to make all decisions with respect to the investment and trading activities of the Company. Such delegation of decision making in relation to the investment and trading activities of the Company may be to the Investment Adviser or to such adviser as the Manager may appoint from time to time. Shareholders will not have the opportunity to evaluate fully for themselves the relevant economic, financial and other information regarding the Company's investments. Shareholders will be dependent on the Manager's judgment and abilities. There is no assurance that the Manager will be successful. Accordingly, no person should purchase any Ordinary Shares unless it is willing to entrust all aspects of the trading activities of the Company to the Manager, including the Investment Adviser or such other advisers to whom the Manager may properly delegate its duties.

Substantial Fees Payable Regardless of Profit and Transaction Costs

The Company will incur obligations to pay brokerage commissions, option premiums and other transactional costs to the brokers. They may also incur obligations to pay a Management Fee to the Manager and pay its operating, legal, accounting, auditing, marketing, travel, Directors' and other fees and expenses including the costs of the offering of the Ordinary Shares. These expenses will be payable regardless of whether the Company makes a profit.

The Company's investment approach may involve a high level of trading and turnover of the Company's investments which may generate substantial transaction costs which will be borne by the Company.

Amortisation of Organisational Costs

The Company's financial statements will be prepared in accordance with International Financial Reporting Standards. International Financial Reporting Standards do not permit the amortisation of organisational and restructuring costs. Notwithstanding this, to the extent that the Company may incur organisational and restructuring costs, the Company may, at the discretion of the Directors, amortise such costs over a period of time and, if it does, the financial statements may be qualified in this regard.

Net Asset Value Considerations

The Net Asset Value per Ordinary Share is expected to fluctuate over time with the performance of the Company's investments. A Shareholder may not recover his initial investment when he chooses to redeem his Ordinary Shares or upon compulsory redemption if the Net Asset Value per Ordinary Share at the time of such redemption is less than the amount he paid on subscription (including any variation due to equalisation) or if there remain any unamortised costs and expenses of establishing the Company.

Price Fluctuations

It should be remembered that the value of the Ordinary Shares and the income (if any) derived from them can go down as well as up.

Illiquidity of Ordinary Shares and Limitations on Transfer

Notwithstanding that the A Class Ordinary Shares are listed on the ISE and this application for listing of C Class Ordinary Shares in the Company, such Ordinary Shares will not be open to trading and it is not expected that any secondary market will develop. In addition, there may be limitations on transfers and redemptions of all Ordinary Shares meaning that Ordinary Shares may not be transferred or assigned if the transfer would, in the opinion of the Directors, result in a breach of certain qualification and eligibility criteria, which have been determined by resolution of the board of Directors, such qualification and eligibility criteria to include, but not be limited to, a violation of any applicable securities laws. In particular, the Directors have determined that, no transfer of Ordinary Shares may be made if such transfer would in the opinion of the Directors (i) prejudice the tax status or residence of the Company or any of the Shareholders as a whole (ii) cause the Company or any of its Shareholders as a whole to suffer any pecuniary, legal, regulatory or material administrative disadvantage (iii) or cause the Company to require to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; (iv) cause the assets of the Company to be treated as "plan assets" under ERISA or Section 4975 of the Code; or (v) require registration of the Company as an investment company under the 1940 Act. The Ordinary Shares may only be offered, sold or otherwise transferred to a United States citizen or resident or to a corporation, company, trust or other entity chartered or organized under the laws of any jurisdiction in the United States, its territories or possessions in private placements exempt from registration pursuant to Regulation D under the 1933 Act. Investors who are U.S. Persons must be both (a) "Accredited Investors," as defined in Regulation D under the 1933 Act and (b) "Qualified Purchasers," as that term is defined in Section 2(a)(51)(A) of the 1940 Act, for purposes of Section 3(c)(7) thereunder.

Transfers of Ordinary Shares are subject to the prior execution of an instrument of transfer in a form and substance satisfactory to the Company containing representations, warranties and agreements similar to those contained in the Subscription Agreement and acceptable to the Company. Investment in the Company is therefore relatively illiquid and involves a high degree of risk. Subscription for Ordinary Shares should be considered only by sophisticated investors who are financially able to maintain their investment and can afford to lose all or a substantial part of their investment in the Company.

Limitations on Redemptions

Ordinary Shares may only be redeemed on the Redemption Days and on two (2) Business Days' prior notice, subject always to the Director's discretion to redeem Ordinary Shares at such time and on such conditions as the board of Directors may determine from time to time. The Directors may determine to limit requests for redemptions to ten (10) per cent. of the issued share capital of each class of shares in issue on any Redemption Day (for further details please refer to the heading "Redemptions" under

section headed "Applications, Redemptions and Transfer" of this Explanatory Memorandum). Further, in exceptional circumstances the Company may suspend redemptions entirely or delay payment until such time as the exceptional circumstances no longer exist. After the Redemption Day, a redeeming Shareholder is a creditor of the Company and if the Company experiences losses at such time it is possible that it may have insufficient assets to pay all or even some of the redemption proceeds due to the redeeming Shareholder.

Compulsory Redemption

The Company reserves the right to compulsorily redeem some or all of the Ordinary Shares where the Directors consider that such a Shareholder continuing to hold Ordinary Shares would result in regulatory, pecuniary, legal, taxation, material administrative disadvantage, to the Company or its Shareholders as a whole. Investors should consider the summary of the compulsory redemption provision on pages 54 to 56 of this Explanatory Memorandum.

Classes of Ordinary Shares are not Separate Legal Entities

In the unlikely event that the assets attributable to one class of Ordinary Shares were completely depleted by trading losses and a trading deficit remained, a creditor could enforce a claim against the assets of other classes of Ordinary Shares.

Liability and Indemnification of Service Providers

The Company, Manager, Administrator, Global Custodian and Registrar will not be liable to the Company under certain circumstances. Please see the section titled "Material Contracts".

Third Party Cash Deposits

The assets of the Company will generally be held by the Global Custodian directly or through its agents, sub-custodians, or delegates pursuant to the Custody Agreement. The Global Custodian may, on the instructions of the Directors or the Manager, open accounts with any bank or financial institution (including any bank or financial institution which is not a member of the HSBC Group) and place the cash of the Company in such accounts. The Global Custodian shall control, operate and monitor the bank accounts periodically but will not be responsible or liable to any person whatsoever (including the Directors) in respect of any loss of the cash, securities and/or other assets comprising the assets of the Company held in such accounts or not deposited with or held to the Global Custodian's order, occasioned by reason only of the liquidation, bankruptcy or insolvency of such bank, financial institutions or other persons.

Trading Account Risks

The Global Custodian may also, on the instructions of the Directors, co-custodians, nominees or other agents and place investments with such brokers, co-custodians, nominees or other agents. However, the Global Custodian will not be responsible for such investments nor liable for the acts or omissions of such broker, co-custodian, nominee or agent. If the Global Custodian is required by the terms of any transactions entered into by the Company to place investments as collateral for such transaction with the counterparty to such transaction or a nominee for such counterparty, the Global Custodian shall not be responsible for the investments nor liable for the acts or omissions of such counterparty or nominee.

Authentication of Securities and Nomineeship

There may be particular difficulties in establishing the authenticity of debt instruments or participation notes settled in the regions into which the Company may invest. Accordingly, although the Global Custodian (or its appropriate sub-custodians) on behalf of the Company will endeavour to check that, on its face, any such instrument appears genuine, no responsibility can be taken for verifying the validity or authenticity of any such instrument.

The legislative framework in some markets where the Company may invest is only beginning to develop the concept of legal/formal ownership and of beneficial ownership or interest in debt instruments. Consequently, the courts in such markets may consider that any nominee or custodian as registered holder of securities would have full ownership thereof and that a beneficial owner may have no rights whatsoever in respect thereof.

Regulatory Framework Risk

Where the Global Custodian delegates the safe custody of the Company's securities held by it pursuant to the Custody Agreement to a sub-custodian located outside of Bahrain, the settlement, legal and regulatory requirements in the relevant overseas jurisdiction may be different from those in Bahrain and there may be different practices for the separate identification of the Company's securities. Where the Company's securities are registered or recorded in the name of the Global Custodian or a sub-custodian, they may not be segregated and hence may not be as well protected as if they were registered or recorded in the name of the Company.

Sub Custodian Risks

The Global Custodian does not currently have sub-custodians in all markets where the assets of the Company may be traded. The Directors of the Company and/or the Manager shall use best efforts to secure the appointment of a custodian or a sub-custodian and shall perform reasonable due diligence on such sub-custodian prior to such appointment but investments held in any such country or area before the appointment of a sub-custodian may, at the discretion of the Directors of the Company and/or the Manager be held temporarily through brokers or agents. In such cases, the Global Custodian shall not be responsible for the safekeeping of the assets of the Company deposited with such brokers or agents and will not be liable for any loss occasioned by reason only of the liquidation, bankruptcy or insolvency of such broker or other intermediary. The Global Custodian shall not be liable in respect of any assets deposited with such brokers or agents, which are outside the effective control of the Global Custodian.

Lack of Investment Shareholder Participation

Shareholders will not have any right or power to take part in the management of the Company, other than in accordance with the Company's Bye-laws, as amended from time to time.

Competition

The investment industry is extremely competitive. In pursuing its investment objectives and policy the Company will compete with commodities and securities firms, including many of the larger investment advisory and private investment firms and also institutional investors and, in some circumstances, market makers, banks and broker-dealers. In relative terms, the Company may have little capital and may have difficulty in competing in markets in which its competitors have substantially greater financial resources, larger research staff and more investment professionals than the Company has or expects to have in the future. In any given transaction, investment and trading activity by other firms

will tend to narrow the spread between the price at which an asset may be purchased by the Company and the price it expects to receive upon consummation of the transaction.

No Registration under the 1940 Act

The Company will not register as an investment company in the United States under the 1940 Act. Accordingly, the Company will not be subject to the various statutory and SEC regulatory requirements applicable to registered investment companies. In addition, it is possible in the future that the regulatory environment for hedge funds and their managers could change. This could result in new laws or regulations that could, for example, impose restrictions on the operation of the Company, the Manager and their respective affiliates; impose disclosure or other obligations on those entities; or restrict the offering, sale or transfer of Ordinary Shares.

Benefit Plan Regulatory Risks

The Company intends to limit investments by "benefit plan investors" so that the assets of the Company are not treated as including the "plan assets" of any investor that is subject to the fiduciary responsibility provisions of Title I of ERISA, or to Section 4975 of the Code. Accordingly, the Company does not anticipate that the board of Directors, the Investment Committee or the Manager will be subject to the fiduciary and other requirements of ERISA, the prohibited transaction rules of ERISA or the Code, or any other related requirements with respect to any benefit plan investor. However, if the Company were at any point deemed to hold "plan assets" for purposes of ERISA or the Code, the activities of the Company would become subject to the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and the Code, and the operations and investments of the Company may be limited as a result, resulting in a lower return to the Company than might otherwise be the case. Further, in the absence of compliance with ERISA and the prohibited transaction rules of the Code, the board of Directors, the Investment Committee and/or the Manager could be exposed to litigation, penalties and liabilities which might adversely affect their ability to fully satisfy their contractual obligations to the Company. Further, the Manager is not currently registered as an investment adviser under the 1940 Act and consequently cannot qualify as an "investment manager" under Section 3(38) of ERISA or as a "qualified professional asset manager" or "QPAM" under U.S. Department of Labor Prohibited Transaction Exemption 84-14.

Investment by ERISA and Other Tax-Exempt Entities

Generally, Tax-Exempt U.S. Persons or an entity substantially all of the ownership interests in which are held by Tax-Exempt U.S. Persons are exempt from federal income tax on certain categories of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity. This type of income is exempt even if it is realized from securities trading activity that constitutes a trade or business. This general exemption from tax does not apply to the UBTI of a Tax-Exempt U.S. Person. Generally, except with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the Tax-Exempt U.S. Person's exempt purpose or function. UBTI also includes (i) income derived by a Tax Exempt U.S. Person from debt-financed property and (ii) gains derived by a Tax-Exempt U.S. Person from the disposition of debt-financed property.

In 1996, the U.S. Congress considered whether, under certain circumstances, income derived from the ownership of the shares of an offshore corporation should be treated as UBTI to the extent that it would be so treated if earned directly by the shareholder. Subject to a narrow exception for certain insurance company income, the U.S. Congress declined to amend the Code to require such treatment.

Accordingly, based on the principles of that legislation, a Tax Exempt U.S. Person investing in a non-U.S. corporation such as the Company should not realize UBTI with respect to an unleveraged investment in Ordinary Shares. Tax Exempt U.S. Persons are urged to consult their own tax advisers concerning the U.S. tax consequences of an investment in the Company.

Withholding Tax Considerations

Where the Company invests in securities that are not subject to withholding tax at the time of the acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations or the interpretation thereof. The Company will not be able to recover such withheld tax and so any change would have an adverse effect on the Net Asset Value of the Ordinary Shares. Where the Company sells securities short that are subject to withholding tax at the time of sale, the price obtained will reflect the withholding tax liability of the purchaser. In the event that in the future such securities cease to be subject to withholding tax, the benefit thereof will accrue to the purchaser and not to the Company.

Passive Foreign Investment Company Considerations

Potential investors who are U.S. taxpayers should be aware that the Company expects to be treated as a PFIC for U.S. federal income tax purposes. As a result, a U.S. Shareholder (as defined herein) of Ordinary Shares generally will be required to pay tax on any so called "excess distribution" received on such Ordinary Shares, or any gain realised upon the disposition of such Ordinary Shares, other than that allocated to the current taxable year, at the highest rate of tax in effect for the class of taxpayer for that year, and to pay an interest charge on a portion of such distribution or gain. In certain circumstances, the sum of the tax and the interest charge could exceed the amount of the excess distribution received, or the amounts of any proceeds of disposition realised by the U.S. Shareholder. The Company generally will not make available the information needed for an investor to make a qualified electing fund election.

If the Company owns equity interests in any lower-tier PFICs, a U.S. Shareholder of the Ordinary Shares would be treated as owning directly the U.S. Shareholder's proportionate amount (by value) of our equity interests in those lower-tier PFICs. The Company generally will not make available the information needed for an investor to make a qualified electing fund election with respect to lower-tier PFICs.

Changes in taxation

Any change in the Company's tax status, or in taxation legislation or practice in Bermuda or in any jurisdiction in which the Company invests, could affect the value of the investments held by the Company or the Company's ability to achieve its investment objectives or alter the after-tax returns to Shareholders. Statements in this Explanatory Memorandum concerning the taxation of Shareholders are based upon current United Kingdom and United States tax law and published practice, which law and practice is, in principle, subject to change (potentially with retrospective effect) that could adversely affect the ability of the Company to meet its investment objectives and which could adversely affect the taxation of Shareholders.

In particular, the United Kingdom offshore fund rules have been reformed with effect from 1 December 2009. If the Company is subject to the UK offshore fund rules pursuant to the new definition of an "offshore fund" introduced by Finance Act 2009 and now contained in Part 8 of TIOPA 2010, this may have adverse tax consequences for certain UK resident Shareholders and/or result in additional tax reporting obligations for the Company. In such circumstances, the Company may apply for "reporting fund" status.

Tax residency

In order to maintain its non-UK tax resident status, the Company is required to be controlled and managed outside the United Kingdom. The composition of the board of Directors of the Company, the place of residence of the individual Directors and the location(s) in which the board of Directors of the Company makes decisions will be important in determining and maintaining the non-UK tax resident status of the Company. Although the Company is established outside the United Kingdom and a majority of the Directors live outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-UK tax resident status. As such, management errors could potentially lead to the Company being considered UK tax resident which would negatively affect its financial and operating results, the value of the Ordinary Shares and/or the after-tax return to the Shareholders.

Offshore fund status for UK investors

If the Company is subject to the UK offshore fund rules, the Directors may seek approval for the Company to be granted "reporting fund" status by HM Revenue & Customs. United Kingdom resident or ordinarily resident Shareholders, or any Shareholders who carry on a trade in the United Kingdom through a branch, agency or permanent establishment, would in such case be subject to UK income tax or corporation tax (as appropriate) on their share of the excess of the Company's "reportable income" for any period of account over any amounts actually distributed by way of dividend, in addition to such tax on amounts actually distributed.

Regulatory Risks for Investment Funds

The regulatory environment for investment funds is evolving and changes therein may adversely affect the ability of the Company to obtain the leverage they might otherwise obtain or to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Company. The effect of any future regulatory or tax change in the Company is impossible to predict.

Recent Developments in Global Financial Markets

The Company may be materially affected by conditions in the global financial markets and economic conditions throughout the world. Recent market conditions have significantly deteriorated as compared to prior periods. Global financial markets have recently experienced significant disruptions as a number of large financial institutions have failed, been supported by national governments or merged into other organisations, creating unprecedented uncertainty and instability for the asset management sector of which the Manager is a part. With global credit markets experiencing substantial disruptions and liquidity shortages, financial instability has penetrated the markets in which the Company may invest. There can be no assurance that conditions in the global financial markets will not worsen and/or further adversely affect the Company's investments and overall performance.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL THE RISKS INVOLVED IN THE OFFERING OF SHARES. POTENTIAL INVESTORS SHOULD READ THIS EXPLANATORY MEMORANDUM, THE BYE-LAWS OF THE COMPANY AND THE MATERIAL CONTRACTS IN THEIR ENTIRETY BEFORE DECIDING WHETHER OR NOT TO SUBSCRIBE FOR SHARES.

IMPORTANT INFORMATION

The attention of existing and potential investors is drawn to the "Risk Factors" set out on pages 14 to 24 of this Explanatory Memorandum.

Investment in the Company will involve certain risks and special considerations. Existing and potential investors should be able and willing to withstand the loss of their entire investment. The investments of the Company are subject to normal market fluctuations and the risks inherent in all investments and there can be no assurance that an investment will retain its value or that appreciation will occur. The price of Ordinary Shares and the income from such Ordinary Shares can go down as well as up and Shareholders may not realise the value of their initial investment.

General

This Explanatory Memorandum has been produced for the purpose of the issue of new A Class Ordinary Shares and C Class Ordinary Shares. In making an investment decision regarding the investment in Ordinary Shares, investors must rely on their own examination of the Company, including the merits and risks involved in an investment in the Ordinary Shares. Ordinary Shares are issued solely on the basis of this Explanatory Memorandum and in accordance with the Subscription Agreement.

Investment in the Company is suitable only for financially sophisticated individuals and institutional investors who have taken appropriate professional advice and who understand and are capable of assuming the risks of an investment in this Company and who have sufficient resources to bear any losses which may result therefrom.

No broker, dealer or other person has been authorised by the Company, its Directors, the Manager, the Investment Adviser, the EFG-Hermes Group, the Administrator, the Registrar, the Global Custodian, the HSBC Group or any other party to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of the Ordinary Shares, other than those contained in this Explanatory Memorandum and, if issued, given or made, such advertisement, information or representations must not be relied upon as having been authorised by the Company, its Directors, the Manager, the Investment Adviser, the EFG-Hermes Group, the Administrator, the Registrar, the Global Custodian, the HSBC Group or any other party.

Existing and potential investors should not treat the contents of this Explanatory Memorandum as advice relating to legal, taxation, investment or any other matters. Existing and potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Ordinary Shares that they might encounter; and (c) the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Ordinary Shares. Existing and potential investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Explanatory Memorandum are based on the law and practice currently in force in Bermuda, Egypt, England and Wales and the United States and are subject to changes therein. Prospective investors should assume that the information appearing in this Explanatory Memorandum is accurate only as of the date on the front cover of this Explanatory Memorandum, regardless of the

time of delivery of the Explanatory Memorandum or of any offer or sale of Ordinary Shares. The business, financial condition and prospects of the Company may have changed since that date. The Company expressly disclaims any duty to update this Explanatory Memorandum except as required by applicable law.

This Explanatory Memorandum should be read in its entirety before making any investment in the Company. All prospective Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Bye-laws of the Company.

Forward-Looking Statements

This Explanatory Memorandum includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Explanatory Memorandum and include statements regarding the intentions, beliefs or current expectations of the Company concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and dividend policy of the Company and the markets in which it, and its portfolio of investments invest and, where applicable, issue securities. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward looking statements contained in this Explanatory Memorandum. In addition, even if the investment performance, results of operations, financial condition and liquidity of the Company, and the development of its financing strategies, are consistent with the forward-looking statements contained in this Explanatory Memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- the risk factors contained in the section headed "Risk Factors" in this Explanatory Memorandum;
- changes in economic conditions generally and the Company's ability to achieve its investment objective and returns on equity for investors;
- changes in the Company's business strategy and the audited financial history of the Company not being indicative of its future performance;
- the Company's ability to invest the cash on its balance sheet and the proceeds of the issue of Ordinary Shares in suitable investments on a timely basis;
- changes in interest rates and/or credit spreads, as well as the success of the Company's investment strategy in relation to such changes and the management of the uninvested proceeds of any issue of Ordinary Shares;
- impairments in the value of the Company's investments;
- the availability and cost of capital for future investments;

- competition within the industries in which the Company seeks to invest;
- the departure of key members employed by the Manager;
- the termination of, or failure of the Manager to perform its obligations under the Management Agreement with the Company;
- the termination of, or failure of the Investment Adviser to perform its obligations under the Investment Advisory Agreement;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's business or companies in which the Company makes investments; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this Explanatory Memorandum.

Although the Company and the Manager undertake no obligation to revise or update any forward-looking statements contained herein (save where required by any local law or regulation, as the case may be), whether as a result of new information, future events, conditions or circumstances, any change in the Company's or the Manager's expectations with regard thereto or otherwise, Shareholders are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through a regulatory information service or equivalent news service.

SELLING RESTRICTIONS

This Explanatory Memorandum does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for Ordinary Shares by any person in any jurisdiction (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Bahrain

The Company has not been approved by the Central Bank of Bahrain. All applications for investment should be received, and any allotments made, from outside Bahrain. No invitation to the public to invest in the Ordinary Shares may be made in the Kingdom of Bahrain and this Explanatory Memorandum may not be issued, passed, or made available to the public generally.

THIS OFFER IS A PRIVATE PLACEMENT. IT IS NOT SUBJECT TO THE REGULATIONS OF THE CENTRAL BANK OF BAHRAIN THAT APPLY TO PUBLIC OFFERINGS OF SECURITIES, AND THE EXTENSIVE DISCLOSURE REQUIREMENTS AND OTHER PROTECTIONS THAT THESE REGULATIONS CONTAIN. THIS DOCUMENT IS THEREFORE INTENDED ONLY FOR “ACCREDITED INVESTORS”, BEING: (A) INDIVIDUALS HOLDING FINANCIAL ASSETS (EITHER SINGLY OR JOINTLY WITH THEIR SPOUSE) OF US\$ 1,000,000 OR MORE; (B) COMPANIES, PARTNERSHIPS, TRUSTS OR OTHER COMMERCIAL UNDERTAKINGS, WHICH HAVE FINANCIAL ASSETS AVAILABLE FOR INVESTMENT OF NOT LESS THAN US\$ 1,000,000; OR (C) GOVERNMENTS, SUPRANATIONAL ORGANISATIONS, CENTRAL BANKS OR OTHER NATIONAL MONETARY AUTHORITIES, AND STATE ORGANISATIONS WHOSE MAIN ACTIVITY IS TO INVEST IN FINANCIAL INSTRUMENTS (SUCH AS STATE PENSION FUNDS).

THE FINANCIAL INSTRUMENTS OFFERED BY WAY OF PRIVATE PLACEMENT IN BAHRAIN MAY ONLY BE OFFERED IN MINIMUM SUBSCRIPTIONS OF US\$ 100,000 (OR EQUIVALENT IN OTHER CURRENCIES).

THE CENTRAL BANK OF BAHRAIN ASSUMES NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS DOCUMENT.

THE BOARD OF DIRECTORS AND THE MANAGEMENT OF THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE BOARD OF DIRECTORS AND THE MANAGEMENT, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE RELIABILITY OF SUCH INFORMATION.

Denmark

This Explanatory Memorandum does not constitute a prospectus under Danish securities law and consequently is not required to be nor has been filed with or approved by the Danish Financial Supervisory Authority as this Explanatory Memorandum either (i) has not been prepared in the context

of a public offering of securities in Denmark or the admission of securities to trading on a regulated market within the meaning of the Danish Securities Trading Act or any Executive Orders issued pursuant thereto, or (ii) has been prepared in the context of a public offering of securities in Denmark or the admission of securities to trading on a regulated market in reliance on one or more of the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act or any Executive Orders issued pursuant thereto. Furthermore, this Explanatory Memorandum does not constitute a prospectus under Danish financial regulation and consequently is not required to be nor has been filed with or approved by the Danish Financial Supervisory Authority as this Explanatory Memorandum has not been prepared in the context of direct or indirect marketing of units in a collective investment scheme comprised by the Danish Investment Association Act or any Executive Orders issued pursuant thereto, under circumstances where the collective investment scheme may not rely on one or more exemptions from the Act. Accordingly, this Explanatory Memorandum may not be made available nor may the Ordinary Shares otherwise be marketed and offered for sale in Denmark other than in circumstances which are deemed not to be considered as marketing of the units in Denmark or an offer of the units to the public in Denmark.

Egypt

The Ordinary Shares to which this Explanatory Memorandum relates have not been, and are not being, publicly offered, sold, promoted or advertised in Egypt. Further, this Explanatory Memorandum does not constitute a public offer of the Ordinary Shares in Egypt and is not intended to be a public offer.

The Egyptian Financial Supervisory Authority (EFSA) does not make any representation as to the accuracy or completeness of this Explanatory Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the Ordinary Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Ordinary Shares. If you do not understand the contents of this Explanatory Memorandum you should consult an authorized financial adviser.

Finland

This Explanatory Memorandum does not constitute an offer to the public in Finland. The Ordinary Shares cannot be offered or sold in Finland by means of any document to any persons other than “Professional Investors” as defined by the Finnish Mutual Funds Act (Fin: Sijoitusrahastolaki, 48/1999), as amended. No action has been taken to authorize an offering of the Ordinary Shares to the public in Finland and the distribution of this Explanatory Memorandum is not authorized by the Financial Supervision Authority in Finland. This Explanatory Memorandum is strictly for private use by its holder and may not be passed on to third parties or otherwise publicly distributed. Subscriptions will not be accepted from any persons other than the person to whom this Explanatory Memorandum has been delivered by the Company or its representative. This Explanatory Memorandum may not include all the information that is required to be included in a prospectus in connection with an offering to the public.

France

The Company is not approved to be marketed in France under Article L. 214-1, II, of the French Monetary and Financial Code and this Explanatory Memorandum has not been submitted to or approved by the Autorité des Marchés Financiers. Therefore the Ordinary Shares of the Company cannot be marketed or distributed in France.

This Explanatory Memorandum does not constitute and may not be construed as an offer of the Ordinary Shares to investors in France.

Kuwait

This Explanatory Memorandum is not for general circulation to the public in Kuwait. The **Ordinary Shares** have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of the Ordinary Shares in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990 and the implementing regulations thereto (as amended) and Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Ordinary Shares is being made in Kuwait, and no agreement relating to the sale of Ordinary Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Ordinary Shares in Kuwait.

Luxembourg

This Explanatory Memorandum is strictly private and confidential, is being issued to a limited number of institutional investors and high net worth individuals, and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient. This offering should not be considered as a public offering in the Grand-Duchy of Luxembourg and the Company is not registered as a foreign undertaking for collective investment with the Luxembourg regulatory authority.

Norway

The Company is an open-ended, unregulated investment vehicle and the marketing and sale in Norway of Ordinary Shares are encompassed by the provisions of the Norwegian Securities Funds Act. The Company has not obtained an approval for marketing in Norway pursuant to the Securities Funds Act section 6-13. Consequently, the Company may not be marketed in Norway and investors in Norway may not be invited or solicited to invest in Ordinary Shares in the Company.

However, investors in Norway who on their own initiative and without any prior solicitation express an interest in investing in the Company may be furnished with a copy of this Explanatory Memorandum and may invest in Ordinary Shares in the Company.

This Explanatory Memorandum is for the recipient only and may not in any way be forwarded to any other person or to the public in Norway.

Oman

This Explanatory Memorandum does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non- Omani securities in the Sultanate of Oman.

This Explanatory Memorandum is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Company to enter into commitments to invest in the Company upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Explanatory Memorandum is not intended to lead to the making of any contract within the territory of the Sultanate of Oman.

The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Explanatory Memorandum or for the performance of the Company nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Qatar

This offering is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the State of Qatar. The offer of Ordinary Shares has not been and will not be licensed pursuant to Law No. 33 of 2005 (“QFMA Law”) establishing the Qatar Financial Markets Authority (“QFMA”) and the regulatory regime thereunder (including in particular the QFMA Regulations issued vide QFMA Board Resolution No.1 of 2008, QFMA Offering and Listing Rulebook of Securities of November 2010 (“QFMA Securities Regulations”) and the Qatar Exchange Rulebook of August 2010) or the rules and regulations of the Qatar Financial Centre (“QFC”) or any laws of the State of Qatar.

The Ordinary Shares and interests herein do not constitute a public offer of securities in the State of Qatar under the QFMA Securities Regulations or otherwise under any laws of the State of Qatar.

The Ordinary Shares are only being offered to a limited number of investors, less than a hundred in number, who are willing and able to conduct an independent investigation of the risks involved in an investment in such Ordinary Shares. No transaction will be concluded in the jurisdiction of the State of Qatar (including the QFC).

Saudi Arabia

This Explanatory Memorandum may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Explanatory Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the Ordinary Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Ordinary Shares. If you do not understand the contents of this Explanatory Memorandum you should consult an authorized financial adviser.

South Korea

The Ordinary Shares may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Financial Investment Services and Capital Markets Act of Korea (“FSCMA”) and the decrees and regulations thereunder. The Ordinary Shares have not been registered with the Financial Services Commission of Korea under the FSCMA. Furthermore, the sale and purchase of Ordinary Shares should comply with the requirements under the Foreign Exchange Transaction Law. Neither the Company nor any placement agent makes any representation with respect to the eligibility of any recipients of this Explanatory Memorandum to acquire the Ordinary Shares under the laws of Korea, including but without limitation the Foreign Exchange Transaction Law and regulations thereunder.

Sweden

This Explanatory Memorandum has not been approved by or registered with the Swedish Financial Supervisory Authority (Finansinspektionen) pursuant to the Swedish Financial Instruments Trading Act (lagen 1991:980 om handel med finansiella instrument). Nor has this Explanatory Memorandum been approved by or registered with the Swedish Financial Supervisory Authority pursuant to the Swedish Investment Funds Act (lag 2004:46 om investeringsfonder). Accordingly, this communication has not been, nor will it be, approved by the Swedish Financial Supervisory Authority. The Company may only be marketed in circumstances that will not result in the Company being deemed as marketed in Sweden pursuant to the Swedish Investment Funds Act. Prospective investors should not construe the contents of this Explanatory Memorandum as legal or tax advice. This Explanatory Memorandum has been prepared for marketing purposes only and should not be understood as investment advice.

Switzerland

The Company is not publicly offered within the meaning of Article 652a or Article 1156 of the Swiss Code of Obligations. As a consequence, this Explanatory Memorandum is not a prospectus within the meaning of these provisions and therefore may not comply with the information standards required thereunder. This Explanatory Memorandum is not a listing prospectus according to Articles 27 et seq. of the listing rules of the SIX Swiss Exchange and therefore not comply with the information standards required thereunder or under the listing rules of any other stock exchange.

The Company qualifies as a foreign collective investment scheme pursuant to Article 119 of the Swiss Federal Act on Collective Investment Schemes (CISA). The Ordinary Shares will not be licensed for public distribution in and from Switzerland. Therefore, the Ordinary Shares may only be offered and sold to so-called "qualified investors" in accordance with the private placement exemptions set forth by the CISA (in particular, Article 10 para. 3 CISA and Article 6 of the implementing ordinance to the CISA). The Company has not been licensed and is not subject to the supervision of the Swiss Financial Market Supervisory Authority FINMA (FINMA). Therefore, investors in the Ordinary Shares do not benefit from the specific investor protection provided by CISA and the supervision of the FINMA.

United Arab Emirates ("UAE")

Onshore UAE

This Explanatory Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose.

By receiving this Explanatory Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that none of the Ordinary Shares, the Company, the Manager or this Explanatory Memorandum are licensed or have been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority ("SCA") or any other authorities in the UAE (excluding the DIFC, in relation to which separate restrictions apply), nor has the Placing Agent, if any, received authorization or licensing from the UAE Central Bank, the SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made in or from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that the Placing Agent, if any, is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that it advises individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other

financial products. The Ordinary Shares may not be offered or sold directly or indirectly to the public in the UAE. This Explanatory Memorandum does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

Dubai International Financial Centre

This Explanatory Memorandum relates to an exempted company established in Bermuda and classified as a "Standard Fund" under the Investment Fund Act 2006 of Bermuda (as amended) and regulated by the Bermuda Monetary Authority. The Company is not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA").

The DFSA has no responsibility for reviewing or verifying any offering memorandum, prospectus, or other documents in connection with this Company. Accordingly, the DFSA has not approved this Explanatory Memorandum or any other associated documents nor taken any steps to verify the information set out in this Explanatory Memorandum, and has no responsibility for it.

The Ordinary Shares to which this Explanatory Memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Ordinary Shares. If you do not understand the contents of this document you should consult an authorised financial adviser.

EFG-Hermes UAE Limited is licensed by the DFSA and is distributing this Explanatory Memorandum to Professional Clients (as such term is defined under the DFSA Rules) in the DIFC. This Explanatory Memorandum is intended only for Professional Clients (as defined in the Conduct of Business Module of the DFSA Rulebook ("COB")) and no other person should act on it. This Explanatory Memorandum is not directed at Retail Clients (as defined in COB).

United Kingdom

The Company is an unregulated collective investment scheme for the purposes of the UK Financial Services and Markets Act 2000 ("FSMA") and the Ordinary Shares in the Company may not be marketed in the United Kingdom to the general public.

This Explanatory Memorandum may not be distributed in the United Kingdom by a person that is an authorised person within the meaning of FSMA other than in accordance with the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (SI 2001/1060), or the conduct of business rules of the United Kingdom Financial Services Authority's Conduct of Business Sourcebook (and in particular COBS 4.12 thereof).

The contents of this Explanatory Memorandum have not been approved by an authorised person within the meaning of the FSMA. Reliance on this Explanatory Memorandum for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested.

This Explanatory Memorandum is directed only at (i) persons outside the United Kingdom to whom it may lawfully be directed; or (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) (the "Order"); or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order.

Any investment or investment activity to which this communication relates is only available to and will only be engaged in with such persons and persons within the United Kingdom who receive this communication (other than persons falling within (ii) and (iii) above) should not rely on or act upon this communication.

Any individual that is in any doubt about the investment to which the communication relates should seek its own personal financial advice from an appropriately qualified independent adviser authorised pursuant to FSMA if in the United Kingdom or otherwise regulated under the laws of that individual's own country.

United States

The Company has not been and will not be registered under the 1940 Act. The Ordinary Shares are being offered outside the United States to non-U.S. Persons in reliance on the exemption from registration provided by Regulation S under the 1933 Act. In addition, the Ordinary Shares have not been and will not be registered under the 1933 Act. The Ordinary Shares may only be offered, sold or otherwise transferred to a United States citizen or resident or to a corporation, company, trust or other entity chartered or organized under the laws of any jurisdiction in the United States, its territories or possessions in private placements exempt from registration pursuant to Regulation D under the 1933 Act. Any investors who are U.S. Persons, as that term is defined under Regulation S of the 1933 Act, must be both (a) "Accredited Investors," as defined in Regulation D under the 1933 Act and (b) "Qualified Purchasers," as that term is defined in Section 2(a)(51)(A) of the 1940 Act, for purposes of Section 3(c)(7) thereunder. Employee benefit plans subject to the fiduciary responsibility provisions of ERISA, individual retirement accounts, "Keogh" plans and other benefit plans may purchase Ordinary Shares of the Company; however, the Company does not currently intend to permit investments by "benefit plan investors" (as defined in Section 3(42) of ERISA and applicable U.S. Department of Labor regulations) to equal or exceed 25% of the aggregate Net Asset Value of any class of equity in the Company. Investments in the Company by benefit plan investors require special consideration. Trustees, administrators and other fiduciaries investing assets of benefit plans and arrangements are urged to carefully review the matters discussed in this Explanatory Memorandum and to consult their own legal advisors prior to purchasing Ordinary Shares.

The Ordinary Shares may only be resold or transferred in accordance with the restrictions set forth in this section of this Explanatory Memorandum, and in accordance with the Bye-laws of the Company and any other terms which may have been agreed between the Company and any investor in relation to restrictions on the transfer of Ordinary Shares.

The Company is furnishing this Explanatory Memorandum in connection with an offering exempt from the registration requirements of the 1933 Act, solely for the purpose of enabling a prospective investor to consider the subscription for or acquisition of Ordinary Shares and on a confidential basis only. The information contained in this Explanatory Memorandum has been provided by the Company and other sources identified herein. Any reproduction or distribution of this Explanatory Memorandum in whole or in part, disclosure of its contents or use of the information contained herein in the United States for any purpose other than in considering an investment by the recipient in the Ordinary Shares is prohibited.

DIRECTORS, MANAGER AND ADVISERS

Directors

Walid Hassan Shash (Chairman)
Mai Mounir

All of whom are of:
The EFG-Hermes Egypt Fund Limited
c/o HSBC Securities Services (Bermuda)
Limited
6 Front Street
Hamilton HM11
Bermuda

Manager

EFG-Hermes Financial Management
(Egypt) Limited
c/o International Corporate Management of
Bermuda Limited
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Hamilton HM11
Bermuda

Investment Adviser

Hermes Fund Management S.A.E.
129 B Smart Village
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Egypt

Global Custodian

HSBC Bank Middle East Limited, Bahrain
Branch
Building No. 2505, Road No. 2832,
Al Seef 428,
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Kingdom of Bahrain

Registrar and Administrator

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM11
Bermuda

Secretary

The Secretary
HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM11
Bermuda

Auditor	Deloitte & Touche Bahrain Accountants and Auditors Al Zamil Tower Government Avenue Manama Bahrain
Sponsor	NCB Stockbrokers Limited 3 Georges Dock International Financial Services Centre Dublin 1 Ireland
Legal Advisers (in relation to matters of Bermudan law)	Conyers Dill & Pearman Limited Dubai International Financial Centre Gate Village 4, Level 2 PO Box 506528 Dubai United Arab Emirates
Legal Advisers (in relation to matters of English law)	Herbert Smith LLP Dubai International Financial Centre Gate Village 7, Level 4 PO Box 506631 Dubai United Arab Emirates
Legal Advisers (in relation to matters of United States law)	Bingham McCutchen LLP One Federal Street Boston, MA 02110

INTRODUCTION TO THE COMPANY

Company Overview

The Company was incorporated in Bermuda on 19 July 1996, as an exempted company with limited liability and unlimited duration. The Authority has classified the Company as a "Standard Fund" under the Investment Fund Act 2006 of Bermuda, as amended. The Company invests in managed portfolios consisting principally of listed equity securities of companies established or operating in Egypt. The Company is also permitted to invest in securities of companies established or operating in the MENA Region, subject to the investment restrictions set out under the section headed "Investment Policy" of this Explanatory Memorandum.

EFG-Hermes Financial Management (Egypt) Limited has been appointed as Manager to the Company and is able to draw on the expertise and experience of the rest of the EFG-Hermes Group. Hermes Fund Management S.A.E. has been appointed as Investment Adviser to the Company by the Manager. HSBC Bank Middle East Limited has been appointed as the Company's Global Custodian. HSBC Securities Services (Bermuda) Limited acts as the Company's Registrar, Secretary and Administrator (in which capacity, it calculates the Net Asset Value).

Investment Objective

The Company's investment objective is long-term capital appreciation. The Company seeks to achieve this objective by investing principally in Egyptian equity and equity related securities. No assurance can be given that the Company's investment objective will be achieved.

The assets of the Company are managed in accordance with the Company's investment policy, as described herein, with a view to achieving the investment objective referred to above.

Ordinary Share Issue

The Company began accepting subscriptions and listed the A Class Ordinary Shares on the ISE in August 1996. A Class Ordinary Shares were initially issued on 30 August 1996 at an initial subscription price of US\$10.00 (including a front end charge of US\$0.20 per Ordinary Share). The placing of Shares is not underwritten and there is no minimum number of Ordinary Shares to be issued pursuant to any placing of Ordinary Shares, although the aggregate value of the minimum Shareholding held by any Shareholder may not be less than US\$10,000.

The Ordinary Shares are issued in registered form and will, unless otherwise provided for in the By-laws of the Company, rank *pari passu* for all dividends and other distributions hereafter declared, paid or made on the Ordinary Shares. The Ordinary Shares are redeemable at the option of holders on any of the Redemption Days (subject to the restrictions and limitations referred to on pages 50 – 51 below).

Ordinary Shares may be issued as of any Valuation Day at prices calculated by reference to the Net Asset Value per Ordinary Share of the relevant class as at the relevant Valuation Day, as described on pages 47 to 56 of this Explanatory Memorandum. A discretionary Front End Charge of up to 2 per cent. of the total Subscription Price may be charged in the case of A Class Ordinary Shares only. The Directors also have the right to issue further Ordinary Shares pursuant to the Dividend Reinvestment Plan described on page 57 below.

INVESTMENT POLICY

Investment Objective and Policy

The Company's investment objective is long-term capital appreciation. The Company seeks to achieve this objective by investing principally in Egyptian listed equity and equity related securities. No assurance can be given that the Company's investment objective will be achieved.

Additionally, up to 20 per cent. of the Company's assets held in respect of each class of Ordinary Shares may be invested in unlisted securities in Egypt and up to 20 per cent. of the Company's assets held in respect of each class of Ordinary Shares may be invested in securities listed on other exchanges in the MENA Region.

Investment Markets and Strategy

The Company invests principally in securities of companies that are established or doing a substantial part of their business in Egypt or which are listed on the EGX. The Company seeks to acquire a prudently diversified investment portfolio in terms of exposure to any one issuer or group and in terms of exposure to any particular economic sector. The Egyptian equity securities in which the Company invests consist predominantly of common stock and preferred stock of Egyptian issuers, although the Company may also invest in convertible securities, options and warrants of Egyptian issuers if they are available. The Company does not invest in securities of start-up companies, other than in connection with privatisations.

Subject to the investment restrictions referred to below, the Company is allowed to invest in unlisted securities in Egypt and the securities listed on the stock exchanges of the MENA Region. The Company will only invest in unlisted securities if the Manager holds an expectation that the relevant securities will be listed within two years of the relevant investment.

The Company's primary focus is on Egyptian issuers of above average size in terms of the market capitalisation, although the Company reserves the right to invest its assets in the securities of issuers with smaller market capitalisations. Neither the Company nor the Manager is involved in the day-to-day management of portfolio companies and in no circumstances does the Company acquire legal or management control of any such companies. However, because of its shareholdings, the Company may have the power to influence management. The Directors intend to exercise this power only in extraordinary circumstances, including in connection with the implementation by the Company of an exit strategy in respect of any investment.

Pending investment or re-investment in Egyptian equity securities of the proceeds of the issue of Shares or the proceeds of any realisation of investments or distributions to Shareholders, and to the extent otherwise considered appropriate by the Directors for meeting cash needs, the Company invests all or a portion of its assets not invested in Egyptian equity securities in cash deposits, money market instruments and Egyptian or OECD government securities.

The Company's assets are denominated principally in Egyptian Pounds and U.S. Dollars.

Investment Rationale

The original rationale behind the establishment of the Company and the original offer of A Class Ordinary Shares was the Directors belief that Egypt was economically diverse and offered attractive

and varied investment opportunities and that economic reforms would improve growth prospects for the country. Many Egyptian companies were experiencing growth assisted by an Egyptian Government committed to market liberalisation, a reduction in government bureaucracy, privatisation and policies favouring exports. The Directors continue to hold these beliefs and consider that government policy and economic and market growth since the establishment of the Company is wholly consistent with such beliefs.

Investment Restrictions

Investment of the Company's assets is subject to certain restrictions determined from time to time by the Directors. The Directors have adopted the following restrictions providing that the Company will not:

- (A) make any investment which could expose the Company to unlimited liability;
- (B) invest in securities which are listed on the stock exchanges of the MENA Region if, as a result, more than 20 per cent., of the Net Asset Value of the Company would then be invested in such securities;
- (C) invest in the unlisted securities of Egyptian companies if, as a result, more than 20 per cent., of the Net Asset Value of the Company would then be invested in such securities;
- (D) purchase or otherwise acquire any security if, as a result, more than 20 per cent. of the Net Asset Value of the Company would then be invested in securities of a single issuer or group (although, for these purposes, companies will not be treated as being in the same group by virtue only of being under the common control of the Egyptian Government or any company wholly-owned by the Egyptian Government)
- (E) buy or sell commodities, or commodity futures contracts or real estate except that (i) it may purchase and sell securities which are secured by real estate or commodities and securities of companies which invest or deal in real estate or commodities, and (ii) for efficient portfolio management purposes it may enter into foreign currency and stock index futures and options, and may buy or sell forward currency contracts;
- (F) lend to or invest greater than 20 per cent of the Net Asset Value of the Company in a single issuer or expose greater than 20 per cent of the Company's Net Asset Value to the creditworthiness or solvency of a single counterparty;
- (G) make any loan or give any guarantee (although, for the avoidance of doubt, the Company may invest in debt securities, deposits and money market instruments);
- (H) take or seek to take legal or management control of the securities of any underlying issuer;
- (I) purchase any security if, as a result, more than 5 per cent. of the Net Asset Value of the Company would then be invested in mutual funds, unit trusts or other collective investment vehicles; or
- (J) invest in the common shares of EFG-Hermes Holding S.A.E. (which is traded on the EGX and the London Stock Exchange (Ticker HRHO.CA)) such that the proportion of EFG-Hermes Holding S.A.E.'s issued share capital held by the Company exceeds EFG-Hermes Holding S.A.E.'s weight in the Hermes Financial Index (HFI). Notwithstanding this restriction, the Company will not own more than 5 per cent of the issued share capital of

EFG-Hermes Holding S.A.E. The dealing by the Company in such shares is to be executed employing the trading “window” principle (i.e. the Company would be restricted from trading shares for 15 days prior to and 3 days after any publication of the announcement of quarterly, semi-annual or annual financial performance results or any material news that would significantly impact the performance of the shares).

Restrictions (b), (d), and (f) shall not apply to investments in securities issued or guaranteed by a government, government agency or instrumentality of any European Union member state or OECD member state or by any supranational authority of which one or more European Union or OECD member states are members, and any other state approved for such purpose by the ISE. Other than restrictions (d), (h) and (i) which apply at all times, where a restriction is breached the Manager will take immediate corrective action, except where the breach is due to appreciations or depreciations, changes in exchange rates, or by reason of the receipt of rights, bonuses, benefits in the nature of capital or by reason of any other action affecting every holder of that investment. However, the Manager will have regard to the above limits when considering changes in the investment portfolio(s) of the Company. Warrants held by the Company may not be exercised if to do so would result in a breach of any of the restrictions referred to above.

Whilst the Shares are listed on the ISE, restrictions (f) and (h) above may not be relaxed.

Although the Company’s investment objective and policies would permit such investment, the Directors have determined that the Company will not for the time being invest in any issuer which is the subject of restriction on investment that would preclude ownership of the portfolio security by a U.S. Person.

In addition to securities issued by companies, investments held by the Company may take the form of limited partnership arrangements, participations, joint ventures and other forms of non-corporate investment.

The Company may establish wholly-owned subsidiaries for the purposes of making investments if the Directors consider it would be in the best interests of the Company so to do in which case these investment restrictions will apply as if investments made by such a subsidiary had been made directly by the Company.

Borrowing

The Company may not borrow except for short-term or temporary purposes in aggregate amounts not exceeding 15 per cent. of the Net Asset Value of the Company, save that the Company may exceed this limit by short-term borrowing for the purposes of meeting redemption requests and/or paying fees and expenses provided that the total borrowings made on behalf of the Company are restricted to 25 per cent. of the Net Asset Value of the Company. For these purposes, short term or temporary borrowings are those with a term of three months or less. As at the date of this Explanatory Memorandum, the Company has no outstanding borrowings.

Foreign Investment Regulations

Foreign investors may invest in Egyptian securities through Egyptian brokers without restriction and without obtaining any governmental license or approval, except for companies conducting business in the Sinai area. Some Egyptian companies which are not listed on the EGX may impose prohibitions or limitations on foreign ownership of their shares. In general, there are no exchange control restrictions in Egypt which would restrict the ability of foreign investors to convert or to repatriate the proceeds of

sale of securities and profit on securities outside Egypt in a foreign currency, provided such conversion or repatriation is made through a bank licensed by the Central Bank of Egypt to carry out its activity in Egypt.

MANAGEMENT AND ADMINISTRATION

The Directors

The Directors of the Company are responsible, inter alia, for establishing the investment objectives and policy of the Company, for monitoring the Company's performance and for appointing, supervising, directing, and if necessary, replacing the Manager and the Company's other service providers. The Directors are further responsible for monitoring and reviewing any conflicts of interest that exist or may arise.

The following are the Directors of the Company:

Walid Hassan Shash (Chairman)

Mr. Walid Hassan Shash is a Member of the Executive Management and Head of Middle East and North Africa of Union Bancaire Privée (UBP), Geneva Switzerland, since May 2005. UBP is one of the leading private banks in Switzerland. He was previously with Union De Banques Arabes et Françaises (UBAF) in Paris between 1984 and 1988, and Lehman Brothers International in Geneva between 1988 and 2005. Currently he is a board member of the Suzanne Mubarak Women's International Peace Movement and serves as a member of various international organisations, including Young President's Organisation (YPO) and Arab Bankers Association (ABA).

Mai Mounir

Mai Mounir is Vice President and Head of Business Development in Egypt with the asset management division of EFG Hermes. Mai Mounir joined EFG-Hermes in 2005 as a financial analyst and part of the asset management equity team, covering vital sectors on the Egyptian stock market including the tourism and steel industries. She then moved on to establish the business development unit in Egypt and her scope of work involves HNWI and institutional sales for the asset management division of EFG Hermes in addition to structuring, developing and launching new products.

Ms. Mounir holds a master's degree in banking & finance from Maastricht School of Management, Netherlands. Ms. Mounir graduated with honors from the Faculty of Foreign Trade at Helwan University and she is currently studying for an MBA.

Secretary

An employee of HSBC Securities Services (Bermuda) Limited has been appointed as Secretary to the Company.

Management

Pursuant to an agreement effective 1 September 2008 between the Company and the Manager, as amended by a deed of amendment effective 19 January 2012, (the "**Management Agreement**"), EFG-Hermes Financial Management (Egypt) Limited was appointed as Manager to the Company. Under the terms of the Management Agreement, the Manager is responsible for the management of the Company's investment portfolios and for the day-to-day management of the Company, subject to supervision by and subject to the specific directions of the Directors. The Manager is also responsible for the provision of various other management, administration and marketing services to the Company.

Further details of the terms of the Management Agreement, including the fees payable thereunder, are contained on pages 58 – 59 and 78 – 79.

The Manager, a limited liability company, was incorporated in Bermuda on 19 July 1996 as a wholly owned subsidiary of the EFG-Hermes Group. EFG-Hermes Holding S.A.E. was founded by the merger of the Hermes Group, (founded in Egypt in 1994) and the Egyptian Financial Group, another well established Egyptian financial services group. EFG-Hermes Holding S.A.E. was floated on the EGX and the London Stock Exchange in 1998. The majority of the operating companies within the EFG-Hermes Group are regulated by the Capital Markets Authority of Egypt and Hermes Securities Brokerage and Financial Brokerage Group are members of the EGX. The EFG-Hermes Group is involved in corporate finance, brokerage, investment management, advice and research in relation principally to Egyptian and Middle Eastern securities. EFG-Hermes is listed on the EGX and the London Stock Exchange. The Manager is not currently registered with the SEC as an investment adviser but may, if require to do so, register in the future.

The Manager is one of the leading investment managers in the Middle East and North Africa with, as at the date of this Explanatory Memorandum. With a track record dating back to 1994, it ranks today among the leading managers of funds dedicated to the Middle East and North Africa region. EFG-Hermes asset management manages mutual funds, ranging from equity, fixed income, money market funds, to capital guaranteed funds.

Investors are encouraged to consult the Company's marketing materials available from the Manager for current analysis of the EFG-Hermes Group and the performance of the Company.

Investment Adviser

Pursuant to the Investment Advisory Agreement, the Manager has delegated certain duties to Hermes Fund Management S.A.E., including but not limited to, the discretionary management of the assets of the Company. The Investment Adviser is regulated by the Egyptian Financial Supervisory Authority (**EFSA**) and as at November 2011 has US\$183.5 million in assets under management. No additional fees will be charged to the Company as a result of such delegation. For the avoidance of doubt, the responsibility for calculating the NAV shall remain at all times with the Administrator.

Investment Committee

An Investment Committee of the Company has been established comprising representatives of the EFG-Hermes Group. The Investment Committee comprises of several portfolio managers, assistant portfolio managers and analysts covering various sectors of the economy.

The Investment Committee meets either by conference call or face-to-face, to formally discuss overall strategies, asset allocation and share selection recommendations. Following the presentation and formal discussion of any such recommendation in the Investment Committee meeting, the Investment Adviser makes the final decision in relation to such recommendation.

Custody

HSBC Bank Middle East Limited Ltd was appointed, pursuant to an agreement effective 1 September 2008 with the Company and the Manager to act as the Company's global custodian and to provide, amongst other things, custody services to the Company (the "**Custody Agreement**").

HSBC Bank Middle East Ltd, Bahrain Branch is established as a limited liability company having its registered office in Jersey and regulated by the Jersey Financial Services Commission, and has branches in several Middle Eastern countries including Bahrain. HSBC Bank Middle East Limited is an indirect wholly owned subsidiary of HSBC Holdings Plc, a public company incorporated in England and Wales. The HSBC Group is headquartered in London and it is one of the largest banking and financial services organizations in the world with well established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. Through an international network HSBC provides a comprehensive range of financial services.

Under the terms of the Custody Agreement, the Global Custodian may appoint agents, sub-custodians or delegates, to perform the custody services on its behalf and may delegate any of its powers under the agreement to such person (including in such appointment, powers of delegation). In the event that the Global Custodian does so delegate its powers, it shall remain liable for the negligence or wilful default of any such appointee as if no such appointment had been made, provided that it will not be liable in respect of the negligence or default of any entity providing central depository, clearing and/or settlement facilities and will not be responsible by reason only of the liquidation, bankruptcy or insolvency of any agent, sub-custodian or delegate. The Custodian will exercise reasonable skill, care and diligence in the selection of a suitable agent, sub-custodian and shall be responsible to the Company for the duration of the sub-custodian agreement for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Company and will maintain an appropriate level of supervision over the sub-custodian and make appropriate enquiries, periodically, to confirm that the obligations of the sub-custodian continues to be competently discharged.

The Global Custodian will not be responsible for any cash, securities and/or other assets comprising the assets of the Company which are not deposited with or held to the Global Custodian's order or to the order of any of the Global Custodian's permitted agents, sub-custodians or delegates. In particular, the Global Custodian will not be responsible for any cash, securities and/or other assets placed by the Company with other custodians or brokers outside the Global Custodian's global network. As of the Publication Date, the Global Custodian is the only custodian of the Company and there are no other custodians or brokers appointed by the Company outside the Global Custodian's global network. Should the Company decide to appoint a custodian or a broker outside the Global Custodian's global network, it shall provide one month prior written notice to the Global Custodian and amend this Explanatory Memorandum.

The Global Custodian shall not be liable or otherwise responsible for any loss suffered by any person by reason of any act or omission of any person prior to the commencement date of the Custody Agreement.

The Global Custodian in no way acts as guarantor or offeror of the Company's Ordinary Shares or any underlying investment. The Global Custodian is a service provider to the Company. Neither the Global Custodian nor its employees or agents are responsible for, or accept responsibility or liability for, any losses suffered by the Company or any investors in the Company as a result of any failure by the Manager to adhere to the investment objective and strategy, policy, investment restrictions, financing restrictions, borrowing restrictions, operating guidelines, business affairs, organisation, sponsorship or investment management of the Company.

Neither the Global Custodian nor its employees or agents are directly involved in the business affairs, organisation, sponsorship or management of the Company nor are they responsible for the preparation or issue of this Explanatory Memorandum except for descriptions of HSBC Bank Middle East Limited and its provision of custodial services and therefore accept no responsibility for any other information contained herein.

The Global Custodian will not participate in transactions and activities, or make any payments denominated in U.S. Dollars, which, if carried out by a U.S. Person, would be subject to subject to sanctions by the Office of Foreign Assets Control of the U.S. Department of the Treasury.

Pursuant to the terms of the Custody Agreement, the Global Custodian has agreed to keep property held on the Company's behalf segregated from assets held by the Global Custodian for its own account. Further details of the Custody Agreement and the fees payable to the Global Custodian are contained on pages 59 and 79 to 81 of this Explanatory Memorandum.

Accounting Services

The Administrator has agreed to provide certain accounting services to the Company including maintaining accounting records of the Company.

Registrar, Administrator and Secretary

HSBC Securities Services (Bermuda) Limited has been appointed as Registrar of the Company effective 1 September 2008 pursuant to a Registrar Agreement between the Company, the Manager and the Registrar (the "**Registrar Agreement**"). Pursuant to the Registrar Agreement, the Registrar, performs, among other things, the following duties: (i) keeping the register of Shareholders of the Company, (including keeping relevant details in the register of the Shareholders names, addresses and number of Ordinary Shares held by a Shareholder), (ii) dealing with redemption requests and (iii) dealing with and answering all correspondence from or on behalf of the Shareholders relating to the function of the Registrar under the Registrar Agreement.

HSBC Securities Services (Bermuda) Limited has also been appointed as Administrator of the Company pursuant to an Administration Agreement between the Company, the Manager and HSBC Securities Services (Bermuda) Limited effective 1 September 2008 (hereinafter the "**Administration Agreement**"). Pursuant to the Administration Agreement, the Administrator performs, among other things, the following duties: (i) keeping at its premises, or causing to be kept at its service provider's premises, all administrative books, records and statements necessary to give a complete record of all investments held and transactions carried out by it on behalf of the Company as may be required by its Bye-laws and this Explanatory Memorandum, (ii) making available for inspection by the Company and

its duly authorised agents all such books, records and statements, (iii) acting or procuring entering into making and performing, all contracts, agreements and other undertakings as may in the opinion of the Company be necessary in the performance of the Administration Agreement, (iv) determining in respect of each Valuation Day in accordance with the Bye-laws and this Explanatory Memorandum the value of the assets and liabilities (and the value of the net assets) of the Company, the Net Asset Value per Ordinary Share, the Subscription Price and the Redemption Price in respect of each class of shares.

Under the terms of the Administration Agreement, HSBC Securities Services (Bermuda) Limited will nominate an employee to be appointed as Secretary and provides corporate secretarial services pursuant to the terms of the Administration Agreement. The corporate secretarial duties of the Secretary set out in the Administration Agreement include (i) maintenance of the seal (if any) and the statutory books and records of the Company, (ii) payment of Directors' fees, (iii) preparation and making of required annual filings and returns with Bermuda regulatory authorities, (iv) preparation of all circulars, notices of meetings, reports and other written material for persons that will receive them in connection with Directors' board meetings and Shareholders general meetings and (v) dealing with all matters concerning the management shares of the Company (if any).

None of the Administrator, Global Custodian or Registrar or their employees' service providers or agents are directly involved in the business affairs, organisation, sponsorship or management of the Company, and are not responsible for the preparation or issue of this Explanatory Memorandum.

Further details of the Registrar Agreement and Administration Agreement and the fees payable to the Administrator and Registrar thereunder are contained on pages 59 and 81 to 83 of this Explanatory Memorandum.

APPLICATIONS, REDEMPTIONS AND TRANSFERS

Initial Offer

The Initial Offer of C Class Ordinary Shares will continue for the duration of the Initial Offer Period (or such other period as the directors may decide at their sole discretion and in the interests of the Company). During the Initial Offer Period investors may subscribe for C Class Ordinary Shares at the Initial Subscription Price, which shall be calculated by reference to the Net Asset Value per A Class Ordinary Share. After the Initial Offer Period, the Subscription Price per C Class Ordinary Share shall be calculated by reference to the Net Asset Value per C Class Ordinary Share.

For information on how to subscribe for A Class Ordinary Shares, the subscription method for C Class Ordinary Shares after the Initial Offer Period and minimum subscriptions, please refer to the section below headed "Subscriptions" of this Explanatory Memorandum.

Subscriptions

The Directors have the power to issue A Class Ordinary Shares with effect from any Valuation Day at prices calculated by reference to the relevant Net Asset Value per A Class Ordinary Share and calculated as at the relevant Valuation Day as described on pages 51 to 53.

Following the Initial Offer Period, the Directors will have the power to issue C Class Ordinary Shares with effect from any Valuation Day at prices calculated by reference to the relevant Net Asset Value per C Class Ordinary Share and calculated as at the relevant Valuation Day as described on pages 51 to 53.

Subject to the provisions of the Bye-laws, fractions of Ordinary Shares may be issued upon decision of the Directors. However, for the time being, no fraction of Ordinary Shares shall be issued. Where an investor's total entitlement includes an entitlement to a fraction of Ordinary Share of less than 0.5, that entitlement shall be rounded down to the nearest whole number of Ordinary Shares. Where it includes an entitlement to a fraction of Ordinary Share of more than 0.5, that entitlement shall be rounded up to the nearest whole number of Ordinary Shares.

The initial subscription for each class of Ordinary Shares should be for a minimum of US\$10,000 and the minimum additional investment by a Shareholder for each class of Ordinary Shares is US\$1,000 (in respect of each subsequent investment made by a Shareholder after such Shareholder's initial subscription for Ordinary Shares).

The Directors reserve the right to issue either A Class Ordinary Shares or C Class Ordinary Shares on any application for Ordinary Shares. The Directors may at their sole discretion accept late subscriptions for Ordinary Shares at any time after each relevant Valuation Day.

Application Procedure

Applications for Ordinary Shares should be made by completing and submitting an executed Subscription Agreement in accordance with the provisions set out below and the terms contained therein. Applications for Ordinary Shares will be accepted by facsimile (a scanned copy of the application should also be sent by email) in order to meet delivery deadlines but original documents must be received within three days after the relevant Valuation Day for the subscription process to be completed. Applications should be sent to the Registrar at the following address:

The EFG-Hermes Egypt Fund Limited
c/o HSBC Securities Services Department (IFS)
HSBC Bank Middle East Limited
HSBC Head Office Building
1st Floor, Building 2505
Road 2832
Al Seef 428
P.O. Box 57
Kingdom of Bahrain

Tel: +973 17569587
Fax: +973 17569574
Email: ifsbahrain@hsbc.com or investor.bahrain@hsbc.com

Applications for C Class Ordinary Shares in respect of the Initial Offer Period should be sent so as to arrive no later than 18.00p.m. (Bahrain time) two (2) Business Days prior to the Closing Date. Applications for A Class Ordinary Shares in respect of any Valuation Day and applications for C Class Ordinary Shares in respect of any Valuation Day subsequent to the Initial Offer Period should be sent so as to arrive no later than 18.00p.m. (Bahrain time) two (2) Business Days prior to the relevant Valuation Day.

Investors should note that the Company will operate on a forward pricing basis and hence the Subscription Price (or the Initial Subscription Price, as the case may be) per Ordinary Share will only be calculated (as described on pages 51 to 53) after the Valuation Day (or the Closing Date, as the case may be).

Payment for such Ordinary Shares should be made by one of the methods described below, so as to arrive by no later than 18.00p.m. (Bahrain time) on the second Business Day following the relevant Valuation Day (or the Closing Date, as the case may be). Late payment for Ordinary Shares may be accepted, at the discretion of the Directors, with or without an adjustment to reflect interest in respect of such late payment.

The Company and the Manager will ensure the proper performance of KYC procedures and requirements as may be required under Bermudan law. The Company and the Manager may delegate any KYC responsibilities, which may relate to the issue of Ordinary Shares in the Company, to such parties as they may consider appropriate from time to time to ensure compliance with any applicable KYC procedures and requirements.

Payment for Ordinary Shares should be made in U.S. Dollars by telegraphic transfer to the following account:

Correspondent Bank Details:

HSBC New York

SWIFT: MRMDUS33

A/C No: 000-03691-9

CHIPS: CH075995

Beneficiary Bank Details:

HSBC Bank Middle East Limited, Bahrain

SWIFT Code: BBMEBHBX

A/C No: 001-337724-100

For credit to: IFS-EFG Egypt Fund Limited – Subscription Account

Beneficiary Bank Details for Egyptian based distributors:

HSBC Bank Egypt SAE, Egypt

SWIFT Code: EBBKEGCX

A/C No: 071-079909-110

For credit to: EFG Hermes Egypt Fund Subscription A/c

The Company reserves the right to decline to accept applications, either generally in relation to the Initial Offer Period, any Valuation Day or in relation to a specific application. The Company may also scale down any or all applications. Any monies paid in respect of such rejected or scaled down applications shall be returned to applicants at their risk and without interest.

Each potential investor will be obligated to represent and warrant in its application that, among other things, such investor is purchasing Ordinary Shares for its own account and that such investor is able to acquire Ordinary Shares without violating appropriate laws (including compliance with the Money Laundering Regulations).

In keeping with the Money Laundering Regulations (and any other anti-money laundering laws and regulations as may be applicable, from time to time), additional documentation may be required to accompany the subscription for Ordinary Shares. This documentation will be used to comply with these regulations and to verify the identity of investors, and will remain confidential. The Company, Administrator and Registrar reserve the right to request further documentation or information from the investor as is required by relevant Know Your Customer regulations and other requirements of the Central Bank of Bahrain which are in force at the time. Failure to provide such documentation will result in the rejection of the subscription and/or payment of redemption proceeds.

The Ordinary Shares are in registered form. Unless a Shareholder specially requests in writing, no share certificates will be issued. Each Shareholder not requesting a certificate will, however, be issued, within five Business Days of receipt of all required documentation and payment, a personal account number relating to such Shareholder's purchase of shares. Such personal account number should be kept confidential and should be quoted by any investor seeking to redeem any Ordinary Shares, make further investments or otherwise corresponding with the Company or the Registrar. The Company, the Registrar, the Manager nor any other person shall be responsible for acting on the instructions of any person quoting the personal account number and purporting to be, or to have been authorised by the Shareholder to whom such personal account number was allocated.

Euroclear and Clearstream

The A Class Ordinary Shares and C Class Ordinary Shares have been accepted for clearance through Euroclear and Clearstream with the common code 6932444. The ISIN code for the A Class Ordinary

Shares is BMG2948Y 1093 and the SEDOL code is 0-306-504. The ISIN code for the C Class Ordinary Shares is BMG294051005 and the SEDOL code is B3CPWC9. Redemptions of Ordinary Shares held through Euroclear and Clearstream should be made in accordance with the procedures from time to time of Euroclear or Clearstream (as the case may be).

Redemptions

Ordinary Shares may be redeemed by Shareholders with effect from any Redemption Day, subject to the provisions relating to suspension of redemptions referred to below and to the Director's discretion to redeem Ordinary Shares at such time and on such conditions as the board of Directors may determine from time to time.

Requests for redemptions may be sent by fax to the Registrar using the number detailed below (a scanned copy of the redemption request should also be sent by email), so as to be received by no later than 18.00 p.m. (Bahrain time) two Business Days prior to the relevant Redemption Day. The original documents must be received by HSBC Bank Middle East Limited at the address detailed below within three days after the relevant Redemption Day for the redemption process to be completed, marked for the attention of HSBC Securities Services Department (IFS).

The EFG-Hermes Egypt Fund Limited
c/o HSBC Securities Services Department (IFS)
HSBC Bank Middle East Limited
HSBC Head Office Building
1st Floor, Building 2505
Road 2832
Al Seef 428
PO Box 57
Kingdom of Bahrain

Tel: +973 17569587

Fax: +973 17569574

Email: ifsbahrain@hsbc.com or investor.bahrain@hsbc.com

Redemption requests should state the Shareholder's registered name, personal account number (if any) and the number of A Class Ordinary Shares and/or C Class Ordinary Shares proposed to be redeemed or the amount of redemption proceeds requested. The processing of redemption requests is subject to compliance with the Money Laundering Regulations. Any redemption request which would reduce the value of a Shareholder's holding below US\$10,000 may be treated, at the discretion of the Directors, as a request for redeeming the Shareholder's entire holding. Save as mentioned under "Suspension of Dealings" below, redemption requests shall be irrevocable save by notice in writing or by fax or telex delivered by the redeeming Shareholder as above and arriving no later than two Business Days prior to the relevant Redemption Day.

Redeeming Shareholders should return the relevant share certificate(s) (if any) and, in the case of a faxed or telexed redemption request, should confirm the same in a written request delivered so as to arrive as soon as practicable following the Redemption Day concerned.

Ordinary Shares are redeemed at prices calculated by reference to the Net Asset Value per Ordinary Share of the relevant class, calculated as at the relevant Redemption Day as described below. The

Directors may at their sole discretion accept late redemption requests received at any time outside the normal notice period for the receipt of requests for each respective Redemption Day.

The Company's obligation to redeem Ordinary Shares is subject to postponement at the discretion of the Directors if net redemption requests (being redemption requests less valid applications received for new Ordinary Shares in respect of the same Valuation Day) are received in respect of any one Redemption Day for redemptions aggregating 10 per cent. or more of each respective class or Ordinary Shares in issue. In such case, the Directors may determine to reduce all but not some of such redemption requests pro-rata so that they cover 10 per cent. (or more as the Directors may determine) of the Ordinary Shares issued. Any part of a redemption request to which effect is not given by reason of the exercise of this power by the Company will be dealt with on the next Redemption Day, subject to the same 10 per cent restriction. Such redemption requests carried forward will be given priority over subsequent redemption requests.

Remittance of redemption amounts will be made in U.S. Dollars by inter-bank transfer as soon as is reasonably practicable following the Redemption Day concerned and generally within five Business Days, except that no redemption proceeds will be paid out until the Registrar is in receipt of any applicable Ordinary Share certificate(s), has the original redemption request form and is satisfied that all applicable KYC procedures and obligations under the Money Laundering Regulations have been complied with.

Investors seeking to redeem shares must comply with the Money Laundering Regulations and failure to do so may result in suspension of processing such redemption requests and rejection of payment of redemption proceeds.

Calculation of Net Asset Value and Subscription and Redemption Prices

The Net Asset Value, Subscription Price and Redemption Price, in respect of each class of Ordinary Shares shall be calculated by the Administrator in U.S. Dollars as of the close of business on each Valuation Day. The Net Asset Value calculated as of each Valuation Day forms the basis for determining the Initial Subscription Price, Subscription Price and the Redemption Price.

Details of the Net Asset Value, Initial Subscription Price, Subscription Price and Redemption Price of Ordinary Shares are published by the ISE and are available on request from the Manager. Once calculated, the Net Asset Value per Ordinary Share listed on the ISE shall be notified to the ISE without delay by the Manager. In addition, Shareholders will be sent details of the Net Asset Value for each class of Ordinary Shares in issue and a brief report on the Company's performance monthly by the Manager.

The Net Asset Value in respect of each class of Ordinary Shares in issue will be determined by subtracting the liabilities of the Company (including, without limitation, its accrued expenses (including any accrued Management Fee) and such amount in respect of contingent or projected expenses as the Directors consider fair and reasonable from the value of the Company's assets (including without limitation, any unamortised expenses).

The assets of the Company shall be valued in accordance with guidelines determined by the Directors from time to time. Until the Directors determine otherwise, for the time being, such guidelines shall be as follows:

- (A) listed securities shall be valued on the basis of the weighted average of all traded prices on the stock exchange where such shares are most actively traded during the last day upon which such investments are traded thereon;
- (B) unlisted securities and quoted securities for which a price is unavailable will be valued on such bases as may be determined by the Administrator in conjunction with the Manager;
- (C) any value otherwise than in U.S. Dollars shall be converted into U.S. Dollars at the market rate (whether official or otherwise) which the Directors shall in their absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to the costs of exchange;
- (D) the value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest accrued and not yet received shall be deemed to be the full amount thereof, unless it is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such deduction or discount as the Directors may consider appropriate to reflect the true value thereof;
- (E) the value of units or other security in any unit trust, mutual fund, investment corporation, or other similar investment vehicle or collective investment scheme shall be derived from the last prices published by the managers thereof;
- (F) notwithstanding the foregoing, the Directors may, in their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value but in accordance with international accounting standards or the equivalent thereof; and
- (G) for the purpose of valuing the Company's assets as aforesaid the Directors may rely upon the opinions of any persons who appear to them to be competent to value assets of any class or classes by reason of any appropriate professional qualification or of experience of any relevant market or may delegate the calculation of the Company's assets to such persons, subject to the overall control and direction of the Directors.

Notwithstanding the foregoing, where at the time of any valuation any asset of the Company has been realised or contracted to be realised there shall be included in the assets of the Company in place of such asset the net amount receivable by the Company in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Company and provided that if the net amount receivable is not payable until some future time after the time of any valuation the Directors may make such allowance as they consider appropriate.

The liabilities of the Company shall be deemed to include all its liabilities (including, without limitation, its accrued expenses) and such provisions and allowances for contingencies or projected expenses (including tax) payable by the Company as the Directors consider fair and reasonable but not liabilities represented by Ordinary Shares. In determining the amount of such liabilities the Directors may calculate any liabilities of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

Where any warrants to subscribe for Ordinary Shares are outstanding, if the Net Asset Value per Ordinary Share of a particular class would be in excess of the exercise price for such warrants relating to such a class, then the Net Asset Value per Ordinary Share of that class shall be calculated as if all such warrants had been exercised and the exercise price received.

Except in relation to the Initial Offer (where no Net Asset Value will be attributable to the C Class Ordinary Shares, which shall be issued at an Initial Subscription Price per C Class Ordinary Share equal to the current Net Asset Value per A Class Ordinary Share as at the Closing Date), the Net Asset Value per Ordinary Share of a particular class as of any Valuation Day is calculated by attributing such proportion of the Net Asset Value to Shareholders of that class and dividing such sum by the number of Ordinary Shares of that class (should such shares be in issue) (including any Ordinary Shares to be redeemed). Please refer to the section headed "Fees and Expenses" for further information on the fees payable in respect of each class of Ordinary Shares.

The Initial Subscription Price per C Class Ordinary Share and Subscription Price and Redemption Price per A Class Ordinary Share or C Class Ordinary Share will be calculated as follows:

Initial Subscription Price

The Initial Subscription Price per C Class Ordinary Share shall be the current Net Asset Value per A Class Ordinary Share as at the Closing Date.

Subscription Price

The Subscription Price per A Class Ordinary Share for each Valuation Day shall equal:

- (a) the Net Asset Value per Ordinary Share as at the relevant Valuation Day; plus
- (b) a Front End Charge of up to 2 per cent. of the Subscription Price, such amount to be payable to the Placing Agent through whom the relevant A Class Ordinary Share was placed.

The Subscription Price per C Class Ordinary Share for each Valuation Day following the Initial Offer Period shall equal the Net Asset Value per C Class Ordinary Share as at each respective Valuation Day.

All prices are rounded to the nearest US\$0.01, with US\$0.005 being rounded up.

Redemption Price

The Redemption Price per A Class Ordinary Share on any Redemption Day shall equal the Net Asset Value per A Class Ordinary Share as at the relevant Redemption Day, less a Redemption Fee of up to 2 per cent. of the Redemption Price, deductible at the discretion of the Directors.

The Redemption Price per C Class Ordinary Share on any Redemption Day shall equal the Net Asset Value per C Class Ordinary Share as at the relevant Redemption Day.

Suspension of Dealings

The Directors may declare a temporary suspension of the determination of the Net Asset Value and Subscription Prices and Redemption Prices in respect of any Valuation Day:

- (a) when one or more stock exchanges or other regulated markets which provide the basis for valuing a significant portion of assets of the Company are closed other than for or during holidays or if dealings therein are restricted or suspended or where trading is restricted or suspended in respect of securities forming a material part of the Company's assets;

- (b) when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Company, including (without limitation) delays in settlement or registration of securities transactions, the disposal of assets of the Company is not reasonably practicable without materially and adversely affecting and prejudicing the interests of continuing Shareholders, or if, in the opinion of the Directors, a fair price cannot be calculated for the assets of the Company;
- (c) in the case of a breakdown of the means normally used for calculating the Net Asset Value or valuing of any assets of the Company or if for any reason the value of any asset or assets of the Company which is material in relation to Net Asset Value (as to which the Directors shall have sole discretion) may not be determined as rapidly and accurately as required; or
- (d) when the business operations of the Manager or the Administrator (or their authorised agents) in relation to the operations of the Company are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (e) when the Company has resolved to wind up; or
- (f) where the Directors deem it necessary to do so to comply with anti-money laundering laws and regulations or any other law or regulations applicable to the Company, the Manager or the Administrator, directly or indirectly, in any jurisdiction; or
- (g) if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Company are rendered impracticable, or if purchases, sales, deposits and withdrawals of the assets of the Company cannot be effected at the normal rates.

If there is a suspension of the determination of the Net Asset Value then the issue of Ordinary Shares on such Valuation Day is suspended and if such Valuation Day is also a Redemption Day, the redemption of Ordinary Shares on such Redemption Day is suspended and all subscription applications and redemption requests are carried forward to the first Valuation Day on which the determination of Net Asset Value shall resume. Any suspension shall be notified to Shareholders and/or subscribers and the ISE without delay. An applicant for Ordinary Shares or a redeeming Shareholder may withdraw any subscription application or redemption request (as the case may be) at any time while the calculation of Net Asset Value is suspended. If the notice is not so withdrawn, the redemption request will be dealt with on the first Valuation Day following termination of such suspension. Where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as practicable.

If the Administrator shall determine that a Shareholder has failed to comply with the Money Laundering Regulations, it may suspend such Shareholder's request for redemption until such Shareholder complies with such Regulations.

Compulsory Redemption

By giving any Shareholder not less than five Business Days' written notice prior to any Valuation Day, the Company may (but shall not be obliged to) require that such Shareholder redeems the whole or a specified percentage of his shareholding where such Ordinary Shares are owned directly or beneficially

by any person or persons who or which, by virtue of the holding concerned, give rise to a breach of any applicable law, regulation or requirement in any jurisdiction or may, either alone or together with other Shareholders, in the sole and conclusive opinion of the Directors:

- (a) prejudice the tax status or residence of the Company or its Shareholders as a whole; or
- (b) cause the Company or its Shareholders as a whole to suffer any pecuniary, legal or regulatory disadvantage; or
- (c) cause the Company or the Manager to require to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- (d) cause such Shareholder's holding of Ordinary Shares become less in value (other than as a result of depreciation in the value of his holding) or lower in number than the minimum value or number determined by the Directors from time to time; or
- (e) cause the assets of the Company to become "plan assets" for the purposes of ERISA or Section 4975 of the Code; or
- (f) require registration of the Company as an investment company under the 1940 Act.

It shall be for the Directors in their absolute discretion to decide whether or not to exercise the provisions relating to compulsory redemption as set out under the Bye-laws, regardless of the date of entry of the Shareholder on the register of Shareholders and the number of Ordinary Shares held by the Shareholder. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with the compulsory redemption provisions set out under the Bye-laws. In addition, the Directors may request such declarations and information from Shareholders as the Directors consider appropriate. The Ordinary Shares of any Shareholders failing to supply any such declarations or information previously requested by the Company may (in the sole discretion of the Directors) also be compulsorily redeemed in accordance with the provisions of the Bye-laws.

If on any Valuation Day the Net Asset Value of the Company is less than US\$10 million the board of Directors may, in its discretion, after consultation with the Manager, on that Valuation Day (or on any Business Day within one week thereafter as the board of Directors may determine) decide to redeem all (but not some) of the Ordinary Shares not previously redeemed, as soon as reasonably practicable with effect as of any Valuation Day to be determined by the board of Directors, after consultation with the Manager. The Company shall serve not less than five Business Days' written notice to the Shareholders prior to the Valuation Day which the board of Directors shall determine as being the effective redemption date.

The compulsory Redemption Price per Ordinary Share redeemed shall be the Redemption Price calculated as at the first Valuation Day following the decision of the Directors to compulsorily redeem such Ordinary Shares less any Fiscal and Sale Charges, fees and expenses incurred by the Company as a result of such compulsory redemption. In the case of any Ordinary Share redeemed by virtue of a decision of the board of Directors to compulsorily redeem all of the Ordinary Shares where the Net Asset Value of the Company is less than US\$10 million, the compulsory Redemption Price shall, for each Ordinary Share, equal a pro-rata share of the assets held by the Company in respect of the relevant share class (after repayment of the nominal value of such Ordinary Shares) less all liabilities including

those accrued or contingent upon the termination of the Company, as calculated as at the Valuation Day which the board of Directors shall determine as being the effective redemption date.

In the case of compulsory redemption, the proceeds of redemption less an amount equal to any Fiscal and Sale Charges, fees or expenses incurred by the Company as a result of the compulsory redemption shall be deposited by the Company in a bank for payment to the holder of the Ordinary Shares subject to compulsory redemption against surrender of any outstanding certificate or certificates representing such Ordinary Shares or the proffering of such evidence as the Directors may require. Upon the deposit of the redemption proceeds, the Shareholders shall have no further interest in such Ordinary Shares or any of them or any claim against the Company in respect thereof except the right to receive the redemption proceeds so deposited (without interest) upon surrender of the said certificate or certificates. Where no share certificate has been issued for the Ordinary Shares subject to the compulsory redemption, the Company may make payment of the redemption proceeds to the relevant Shareholder in such manner as it thinks fit.

Placing Arrangements

The Company may accept subscriptions for Ordinary Shares through Placing Agents, engaged from time to time by the Manager on behalf of the Company, for the purpose of placing Ordinary Shares in the Company with current Shareholders and new investors.

Transfers

Ordinary Shares may only be transferred in accordance with Bye-laws.

No transfer of Ordinary Shares may be made if such transfer would in the opinion of the Directors (i) prejudice the tax status or residence of the Company or its Shareholders as a whole (ii) cause the Company or any of its Shareholders as a whole to suffer any pecuniary, legal, regulatory or material administrative disadvantage (iii) or cause the Company to require to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; (iv) cause the assets of the Company to be treated as “plan assets” under ERISA or Section 4975 of the Code; or (v) require registration of the Company as an investment company under the 1940 Act.

The Ordinary Shares may only be offered, sold or otherwise transferred to a United States citizen or resident or to a corporation, company, trust or other entity chartered or organized under the laws of any jurisdiction in the United States, its territories or possessions in private placements exempt from registration pursuant to Regulation D under the 1933 Act. Investors who are U.S. Persons must be both (a) “Accredited Investors,” as defined in Regulation D under the 1933 Act and (b) “Qualified Purchasers,” as that term is defined in Section 2(a)(51)(A) of the 1940 Act, as amended, for purposes of Section 3(c)(7) thereunder.

DISTRIBUTION POLICY

Distribution Policy

Dividends, interest and other income received by the Company are to be applied first in the payment of fees and expenses. The Directors intend that any net income after payment of such fees and expenses (and less such amount as the Directors consider appropriate in respect of any projected or contingent fees and expenses) is distributed to Shareholders. Any dividend shall be paid out of the Company's accumulated net income plus the net of accumulated realised and unrealised capital gains and accumulated realised and unrealised capital losses, in accordance with the policy of the ISE. It is expected that dividends (if any) will be declared annually and be payable in respect of each financial year within six months following the end of such financial year.

If the Directors were to seek approval for the Company to be granted "reporting fund" status by HM Revenue & Customs, and such approval were to be granted, United Kingdom resident or ordinarily resident Shareholders, or any Shareholders who carry on a trade in the United Kingdom through a branch, agency or permanent establishment, would be subject to UK income tax or corporation tax (as appropriate) on their share of the excess of the Company's "reportable income" for any period of account over any amounts actually distributed by way of dividend, in addition to such tax on amounts actually distributed. If in such case the Company were to distribute all its reportable income, such Shareholders would not in practice be subject to UK tax on 'excess' amounts of income not actually distributed.

Dividend Reinvestment Plan

Unless and until the Company otherwise determines, each dividend declared in respect of Ordinary Shares may, at the election of each Shareholder, be paid in cash or reinvested in additional Ordinary Shares at the Net Asset Value per Ordinary Share (plus such an amount as the Directors consider reasonable in respect of deemed acquisition costs) as of the Valuation Day immediately following the issue of the dividend. An election to receive dividends in cash or to have such dividends automatically reinvested in Shares is made at the time Shares are initially applied for and may be changed by giving three Business Days notice prior to the relevant payment date in respect of the dividend. No Front End Charge shall be levied in connection with the reinvestment of dividends. A Shareholder who has elected to reinvest a dividend will be sent a written confirmation of the reinvestment and, if applicable, a share certificate.

FEES AND EXPENSES

Company

As an exempted mutual fund company, the Company is liable to pay in Bermuda an annual government fee, which, based upon its current authorised share capital, will be US\$4,070 at the current rate or such other amount as may be determined by the relevant Bermudan authorities from time to time.

Pursuant to the Investment Funds Act, 2006 of Bermuda, the Company is also liable to pay to the Bermuda Monetary Authority an annual authorisation fee of US\$1,490.

The Company is responsible for all brokerage and commissions and other dealing costs, stamp duties, taxes, foreign exchange costs, bank charges, registration fees relating to investments, insurance and security costs, any out of pocket expenses of the Directors, and all fees and out of pocket expenses of the Auditor, Registrar, Administrator, Global Custodian and legal and certain other expenses incurred in the administration of the Company and in the acquisition, holding and disposal of investments. The Company is also responsible for the costs of preparing, printing and distributing all valuations, statements, accounts and reports. The expenses of preparing and publishing the Net Asset Value and all Subscription Prices and Redemption Prices are also borne by the Company.

The ongoing cost of maintaining the listing the A Class Ordinary Shares on the ISE is approximately EUR 3,600 per annum. In the event that the Company seeks a listing of any other classes of shares on the ISE, additional fees will apply.

Manager

In relation to A Class Ordinary Shares which are currently in issue or which may be issued from the date of this Explanatory Memorandum, the Manager is entitled to receive from the Company a management fee accruing on each Valuation Day at the annual rate of 1.75 per cent. of the Net Asset Value (the "**Management Fee**") (calculated for these purposes prior to deduction of this Management Fee) attributable to A Class Ordinary Shares on each Valuation Day and payable quarterly in arrear.

A Class Ordinary Shares which may be issued by the Company from the date of this Explanatory Memorandum shall be subject, at the discretion of the Manager, to a Front End Charge which may be payable to the Placing Agent through whom the relevant A Class Ordinary Shares are placed.

In relation to C Class Ordinary Shares which may be issued from the date of this Explanatory Memorandum, the Manager is entitled to receive from the Company the Management Fee accruing on each Valuation Day at the annual rate of 1.75 per cent. and a distribution fee accruing on each Valuation Day at an annual rate of 1 per cent. of the Net Asset Value (the "**Distribution Fee**") (the Management Fee and Distribution Fee being calculated for these purposes prior to the deduction of these fees) attributable to C Class Ordinary Shares on each Valuation Day and payable quarterly in arrears.

The Manager will receive from the Company a Redemption Fee of up to 2 per cent. of the Redemption Price on redemption of A Class Ordinary Shares.

The Manager is also entitled to be reimbursed all reasonable out-of-pocket and third party expenses incurred in the performance of its duties. The Manager is entitled to waive or rebate any part of its annual Management Fee, Distribution Fee or Redemption Fee or rebate an amount in respect of subscriptions of Ordinary Shares to Placing Agents or persons who subscribe for Ordinary Shares (whether as principal or agent).

Global Custodian, Administrator, Registrar and Secretary

The Global Custodian of the Company is HSBC Middle East Limited and the Administrator, Registrar and Secretary of the Company is HSBC Securities Services (Bermuda) Limited. The HSBC Group is entitled to receive fees from the Company for the provision of administration services, investor services and custodian services to the Company as summarised in the table below. To the extent that the HSBC Group provides services not covered by the relevant terms of engagement, additional fees may be incurred.

<i>Description of service</i>	<i>Fee</i>
<i>Custody services (inclusive of an annual service fee)</i>	<i>Up to 22.5 basis points of NAV per annum (Subject to a monthly minimum of US\$3,000) plus certain transaction charges and expenses</i>
<i>Corporate secretarial</i>	<i>US\$10,000 per annum</i>
<i>Administration</i>	<i>A charge of 11 basis points of NAV per annum (subject to a monthly minimum of US\$3,000) plus certain transaction charges and expenses</i>

Directors

Each Director shall be entitled to remuneration for his services. The chairman of the board of Directors is entitled to an annual fee of US\$10,000 while other independent directors (who are not employed by an entity of the EFG-Hermes Group) are entitled to an annual fee of US\$7,500 each. The Company shall also be responsible for the payment of the Directors' travel and accommodation expenses.

Redemption Fee

The Manager may charge a redemption fee up to 2 per cent. of the total Redemption Price (the "**Redemption Fee**") to reflect the costs of acquiring or disposing of underlying investments, such Redemption fee to be deducted from the total Redemption Price attributable to A Class Ordinary Shares only.

TAXATION

General

The taxation of income and capital gains of the Company and the Shareholders is subject to the fiscal law and practice of Bermuda, and any other jurisdiction in which the Company invests and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in certain jurisdictions does not constitute legal or tax advice and is based on the taxation law and published practice in force at the date of this Explanatory Memorandum. The summary applies only to persons holding Ordinary Shares as an investment.

This summary does not consider all aspects of taxation which may be relevant to a particular Shareholder in the light of their particular circumstances (for example, tax consequences in the Shareholder's jurisdiction of residence). Investors should consult their own advisers on the taxation and exchange controls implications of their acquiring, holding or disposing of Ordinary Shares under the laws of any jurisdictions in which they are or may be liable to taxation.

While this summary is considered to be a correct interpretation of existing laws and practice in force on the date of this Explanatory Memorandum, no assurance can be given that courts or other authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws or practice will not occur.

Bermuda

At the date of this Explanatory Memorandum, there is no Bermuda income, corporation or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or Shareholders, other than Shareholders ordinarily resident in Bermuda. Neither the Company nor Shareholders will be subject to stamp duty on the issue, transfer or redemption of Ordinary Shares.

The Company has obtained from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 an assurance that, in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital assets, gains or appreciation of any tax in the nature of estate duty or inheritance tax, such tax shall not be applicable to the Company or to any persons ordinarily resident in Bermuda and holding such Ordinary Shares, debentures or other obligations of the Company. This assurance is declared to be effective until 31 March 2035.

Egypt

No withholding tax is levied on the payment of dividends paid by Egyptian companies to, or capital gains realised by, the Company. Interest payments are subject to 20% withholding tax, however, such withholding tax will not apply if the loans against which the interest payments are made are for a period of 3 years or greater.

The Company ought to have no exposure to corporate taxation of capital gains received, as there is no scope for the taxation of capital gains received by non-resident funds.

There can be no assurance that the position as it applies in practice will continue to be the case or that the Company will not be liable to taxation or income arising in any period prospectively.

United Kingdom

(i) The Company

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonably practicable, taxation of the Company. This will include conducting the affairs of the Company so that it does not become resident in the United Kingdom for United Kingdom tax purposes.

Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated therein), the Company will not be subject to United Kingdom income tax or corporation tax other than on United Kingdom source income.

(ii) Shareholders

If the Company should fall within the definition of an "offshore fund" for the purposes of United Kingdom taxation, as defined by the legislation introduced by the Finance Act 2009 and now contained in Part 8 of TIOPA 2010, this may have adverse tax consequences for certain UK Shareholders, unless the Company applies for and is granted approval as a "reporting fund" pursuant to regulations made under Section 354 of TIOPA 2010. In such case and unless "reporting fund" status is obtained, any profit on disposal (including a redemption) of Ordinary Shares by a UK resident or ordinarily resident Shareholder or a Shareholder who carries on a trade in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected, would be taxed as an "offshore income gain" for UK tax purposes, and would be subject to current UK income tax or corporation tax rates, as appropriate.

If the Company falls to be defined as an "offshore fund", the Directors may seek approval for the Company to become a "reporting fund" for UK tax purposes. If such approval were to be sought and granted by HM Revenue & Customs, a disposal (including a redemption) of Ordinary Shares by a United Kingdom resident or ordinarily resident Shareholder or a Shareholder who carries on a trade in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief. Capital gains tax at the rate of 18 per cent. (for basic rate taxpayers) and 28 per cent. (for higher and additional rate taxpayers) would apply to any gain realised on a disposal (including a redemption) of Ordinary Shares by an individual Shareholder who is resident or ordinarily resident in the United Kingdom for taxation purposes. Shareholders who are bodies corporate resident in the United Kingdom for taxation purposes would, upon disposal of Ordinary Shares, benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index.

United Kingdom resident Shareholders in a "reporting fund" would be charged to income tax or corporation tax (as appropriate) on their shares of all "reportable income" of the reporting fund, regardless of whether such income were to be actually distributed by way of a cash dividend, in accordance with applicable United Kingdom regulations.

According to their personal circumstances, Shareholders resident in the United Kingdom for United Kingdom tax purposes may be liable to United Kingdom income tax or corporation tax (as appropriate) in respect of dividends or other income distributions of the Company and, if the Company were to be certified as a "reporting fund", their share of the "reportable income" of the Company in excess of any

such distributions received, even where such dividends are invested in further Ordinary Shares of the Company.

An individual Shareholder resident in the UK for tax purposes and in receipt of a dividend or "reportable income" from the Company will, provided they own less than 10 per cent. of the Company, be entitled to claim a non-repayable dividend tax credit equal to one-ninth of the dividend and/or "reportable income" received.

The effect of the dividend tax credit would be to extinguish any further tax liability for eligible basic rate taxpayers (who currently pay tax at the dividend ordinary rate of 10 per cent.). The effect for current eligible higher rate taxpayers (who pay tax at the current dividend upper rate of 32.5 per cent.) would be to reduce their effective tax rate to 25 per cent. of the cash dividend received and/or their share of "reportable income".

With effect from 6 April 2010 a new higher or additional rate of income tax applies for United Kingdom resident individuals with income in excess of £150,000. Such individuals will pay 42.5 per cent. tax on dividends received and/or their share of "reportable income" (reduced to 36.11 per cent. for eligible taxpayers as a result of applying the tax credit).

Shareholders who are bodies corporate resident in the United Kingdom for tax purposes may be able to rely on legislation introduced by the Finance Act 2009 which has effect from 1 July 2009 and which exempts certain classes of dividends from the charge to UK corporation tax.

The Company does not make any withholding for United Kingdom tax on dividends payable to United Kingdom investors.

Investors who are UK resident life insurance companies or such companies resident outside of the UK but carrying on business in the UK through a branch, agency or permanent establishment may be deemed to dispose of and immediately re-acquire any interest in an offshore fund held by them as part of their long term business fund at the end of each accounting period.

Section 747 of the Income and Corporation Taxes Act 1988 subjects United Kingdom resident companies to tax on the profits of companies not so resident in which they have an interest. The provisions (the "controlled foreign companies regime") affect United Kingdom resident companies which are deemed to be interested in at least 25 per cent. of the profits of a non-resident company which is controlled by residents of the United Kingdom where that company is resident in a low tax jurisdiction. Investors should be aware that the controlled foreign companies regime is the subject of an ongoing consultation by the UK government. It is now expected that full reform of the regime will be introduced by the Finance Bill 2012.

It is anticipated that the shareholdings in the Company will be such as to ensure that the Company would not be a close company if it was resident in the United Kingdom. However, if the Company would be a close company if resident in the United Kingdom, gains accruing to it may be apportioned to certain United Kingdom resident or ordinarily resident Shareholders who may thereby become chargeable to capital gains tax or corporation tax on chargeable gains on the gains apportioned to them if they hold, alone or together with associated persons, more than 10 percent of shares in the Company.

The attention of individuals ordinarily resident in the United Kingdom is drawn to the provisions of Chapter 2 of Part 13 of the Income Taxes Act 2007. These provisions are aimed at preventing the avoidance of income tax by individuals through transactions resulting in the transfer of assets or income to persons (including companies) resident or domiciled outside the United Kingdom and may

render them liable to taxation in respect of undistributed income and profits of the Company on an annual basis to the extent that they have not already been taxed on such income.

Transfer taxes may be payable by the Company in the United Kingdom and elsewhere in relation to the acquisition and/or disposal of investments. In particular, SDRT at the rate of 0.5 per cent (or, if the transfer does not take place in dematerialised form, stamp duty at an equivalent rate) will be payable by the Company in the United Kingdom on the acquisition of shares in companies incorporated in the United Kingdom. This liability will arise in the course of the Company's normal investment activity and on the acquisition of investments from subscribers on subscription for Ordinary Shares.

United States Federal Taxation

CIRCULAR 230 DISCLOSURE: IRS REGULATIONS PROVIDE THAT, FOR THE PURPOSE OF AVOIDING CERTAIN PENALTIES UNDER THE CODE, TAXPAYERS MAY RELY ONLY ON OPINIONS OF COUNSEL THAT MEET SPECIFIC REQUIREMENTS SET FORTH IN THE REGULATIONS, INCLUDING A REQUIREMENT THAT SUCH OPINIONS CONTAIN EXTENSIVE FACTUAL AND LEGAL DISCUSSION AND ANALYSIS. ANY TAX ADVICE THAT MAY BE CONTAINED IN THIS EXPLANATORY MEMORANDUM DOES NOT CONSTITUTE AN OPINION THAT MEETS THE REQUIREMENTS OF THE REGULATIONS. ANY SUCH TAX ADVICE THEREFORE CANNOT BE USED, AND WAS NOT INTENDED OR WRITTEN TO BE USED, FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTIES THAT THE IRS MAY ATTEMPT TO IMPOSE. BECAUSE ANY SUCH TAX ADVICE COULD BE VIEWED AS A "MARKETED OPINION" UNDER THE IRS REGULATIONS, THOSE REGULATIONS REQUIRE US TO STATE THAT ANY SUCH TAX ADVICE WAS WRITTEN TO SUPPORT THE "PROMOTION OR MARKETING" OF THE MATTERS SET FORTH IN THIS EXPLANATORY MEMORANDUM. EACH RECIPIENT OF THIS EXPLANATORY MEMORANDUM WITH WHOM WE DO NOT HAVE AN ATTORNEY-CLIENT RELATIONSHIP SHOULD SEEK ADVICE BASED ON THAT PERSON'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a brief summary of certain U.S. federal income tax consequences that may be relevant to prospective investors. This summary is not a full description of the complex tax rules involved and is based upon the sections of the Code, Treasury regulations, published IRS rulings, published administrative positions of the IRS and court decisions that are currently applicable, any or all of which could be materially and adversely changed, possibly on a retroactive basis, at any time. The Company has not sought any ruling from the IRS with respect to the statements made and the conclusions reached in this summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular shareholder in light of his or her individual circumstances or to certain types of Shareholders subject to special treatment under the Code (for example, insurance companies, financial institutions, dealers or traders in securities, regulated investment companies, real estate investment trusts, investors liable for the alternative minimum tax, persons or entities that have a functional currency other than the U.S. Dollar and holders of Ordinary Shares who hold them as part of a straddle, hedging or a conversion transaction). Special rules may apply in the case of Shareholders that are former citizens of the United States or that are considered, for U.S. federal tax purposes, to be personal holding companies, CFCs, PFICs or corporations subject to the accumulated earnings tax, and in some situations special rules may also apply to shareholders of the foregoing. This summary does not address any such special rules and does not take into account or anticipate any state, local or non-U.S. tax considerations.

Accordingly, prospective purchasers of the Ordinary Shares should consult their own tax advisers with respect to the tax treatment of the acquisition, ownership and disposition of Ordinary Shares in light of their particular circumstances.

U.S. Taxation of the Company

The Company expects to be treated as a corporation and no election will be made for the Company to be treated otherwise for U.S. federal income tax purposes. Based on the structure and operation of the Company, generally it should not be subject to U.S. federal income tax, except as provided below.

The Company would be subject to federal income taxes on income and gain realised by it only if it were viewed for U.S. federal income tax purposes as being "engaged in a trade or business within the United States". Whether the Company will be viewed as engaged in a trade or business within the United States is a question of fact the answer to which will depend principally upon the activities that the Company conducts within the United States, including through any pass-through entity in which the Company invests. However, pursuant to a statutory "safe harbor" a non-U.S. corporation (other than a dealer in stocks or commodities) that engages in trading stocks or securities (including contracts or options to buy or sell securities) for its own account is not deemed to be engaged in a U.S. trade or business. The Company intends to conduct its businesses in a manner so as to meet the requirements of the safe harbour. The Company's anticipated trading activities, therefore, should not constitute a U.S. trade or business and thus the Company should not be subject to the regular U.S. federal income tax on any of its trading profits.

However, even if the Company complies with the requirements of this safe harbor, it is possible that the Company could be deemed to be engaged in a U.S. trade or business as a result of its other investment activities (such as investments in certain U.S. pass-through entities). If the Company were deemed to be engaged in a U.S. trade or business (for example, as a result of owning a limited partnership interest in a U.S. business partnership or a similar ownership interest), income and gain deemed to be effectively connected with that trade or business would potentially be subject to U.S. federal income tax at graduated rates and, in addition, subject to a flat 30 per cent. branch profits tax. The Company will attempt to structure its investments so as to avoid U.S. federal income taxation under the rules discussed in this paragraph.

In general, a non-U.S. corporation that does not conduct a U.S. trade or business nonetheless is subject to U.S. federal income tax at a flat rate of 30 per cent. on the gross amount of certain U.S. source income that is not effectively connected with a U.S. trade or business, generally payable through withholding. Income subject to such a flat tax rate is described in the Code as being of a fixed or determinable annual or periodic nature, including dividends (which generally includes "dividend equivalent" payments, as such term is defined in the Code) and certain interest income. There is no tax treaty in existence between the United States and Bermuda relating to withholding tax.

Certain types of income specifically are exempted from the 30 per cent. tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30 per cent. tax does not apply to deposits with U.S. banks or interest that qualifies as "portfolio interest". The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form and with respect to which the U.S. Person that would otherwise be required to deduct and withhold the 30 per cent. tax receives the required statement that the beneficial owner of the obligation is not a U.S. Person. Under certain circumstances, interest on bearer obligations also may be considered portfolio interest. Contingent interest, however, is never "portfolio interest". Also exempt from the 30 per cent. tax is income from original issue discount obligations and obligations that are payable no more than 183 days from the date of issue.

Beginning after December 31, 2012, unless the Company (i) agrees to collect and disclose to the United States Treasury certain information with respect to its investors and their investments and (ii) meets certain other conditions, then pursuant to recently enacted legislation, any payment of dividends, interest, and certain other categories of income from sources within the United States, or of proceeds from the sale of property that can produce dividends or interest from sources within the United States will generally be subject to a 30% U.S. federal withholding tax. Under certain circumstances, a non-U.S. person may be eligible for refunds or credits of such taxes.

U.S. Taxation of Shareholders

For purposes of this summary, the term "U.S. Shareholder" means a holder of Ordinary Shares that, for U.S. federal income tax purposes, is (a) an individual citizen or resident of the United States, (b) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust (i) as to which one or more U.S. Persons (as defined for U.S. federal tax purposes) have the authority to control all substantial decisions and over which a court within the United States is able to exercise primary supervision, or (ii) that was in existence on August 20, 1996, was considered a U.S. trust as of that date, and has in effect an election to continue to be so treated. The term "Non-U.S. Shareholder" means a holder of Ordinary Shares that is not a U.S. Shareholder. In general, beneficial owners in partnerships and other flow-through entities should be regarded as the relevant Shareholders of the Ordinary Shares (i.e. the relevant shareholder). Further, the following summary should be understood to pertain solely to investors who will own Ordinary Shares as capital assets within the meaning of the Code.

Non-U.S. Shareholders

Subject to the discussion of "backup withholding" below, a Non-U.S. Shareholder that is not considered to be "engaged in a trade or business within the United States" or otherwise subject to U.S. taxation should generally not be subject to U.S. federal income, branch profits or withholding taxes on any gain realized on a disposition of Ordinary Shares outside the United States or on Company distributions. However, in the case of a non-resident alien individual, such gain will be subject to U.S. federal income tax at a 30 per cent. rate (or lower tax treaty rate) if such individual is present in the United States for 183 days or more during the taxable year and certain other conditions are satisfied.

Currently, a 28 per cent. U.S. "backup withholding" tax and information reporting may apply to dividends on, and gross proceeds from the sale or redemption of, Ordinary Shares held in the United States by a custodian or nominee unless the investor properly certifies that it is a Non-U.S. Shareholder for U.S. federal income tax purposes or otherwise establishes an exemption from backup withholding.

U.S. Shareholders

As mentioned previously, the ownership of Ordinary Shares by U.S. Shareholders will be restricted to U.S. Persons that qualify as "Qualified Purchasers" and "Accredited Investors". Where Ordinary Shares are held by an Exempt Organization, special tax considerations apply.

General Taxation of Exempt Organizations

In general, a U.S. Shareholder that is an Exempt Organization will not be subject to federal income taxation except to the extent that it has UBTI. With exceptions for certain types of entities, UBTI generally is defined as gross income from a trade or business regularly carried on by an Exempt Organization that is unrelated to its exempt purpose less any deduction attributable thereto and less a de minimis deduction of \$1,000. UBTI does not include (among other items) dividends, interest, royalties or gains from the sale or exchange or other disposition of property (other than inventory or property held primarily for sale to customers in the ordinary course of a trade or business). The definition of UBTI does, however, embrace the concept of "unrelated debt-financed income," which generally includes any income derived from property to the extent that there is "acquisition indebtedness" outstanding with respect to such property during the taxable year. Acquisition indebtedness includes any indebtedness incurred directly or indirectly to purchase such property.

If an Exempt Organization does not incur any indebtedness in connection with its acquisition of Ordinary Shares, distributions with respect to such Ordinary Shares and gain from the redemption or other disposition of such Ordinary Shares should constitute dividends, returns of capital or gains from the sale or exchange of non-dealer property and therefore should not give rise to UBTI. The mere fact that the Company utilizes acquisition indebtedness as part of its overall investment strategy should not be sufficient to attribute the Company's indebtedness to an Exempt Organization that incurs no indebtedness in connection with its acquisition of Ordinary Shares, and the Company's indebtedness (if any) should not give rise to UBTI for such Exempt Organization. Consequently, in the absence of acquisition indebtedness relating to the Ordinary Shares it will be largely irrelevant that an Exempt Organization may be subject to the rules described below with respect to PFICs in connection with its investment in the Company.

If, however, an Exempt Organization incurs indebtedness in connection with its acquisition of Ordinary Shares, all or a portion of the income or gain attributed to those Ordinary Shares will be included in and taxable as UBTI under the "debt financed property" regime described above. Consequently, such income or gain will be subject to the PFIC rules summarized below, regardless of whether such income or gain would otherwise be excluded as dividends, interest or other similar income. Accordingly, an Exempt Organization that incurs indebtedness in connection with its acquisition of Ordinary Shares will likely suffer adverse and uncertain tax consequences under the PFIC regime.

Controlled Foreign Corporation considerations

If U.S. Shareholders owning (or treated as owning) 10 per cent. or more (by vote) of the Ordinary Shares together own (or are treated as owning) more than 50 per cent. (by vote or value) of the outstanding Ordinary Shares for a specified period, the Company will be classified as a CFC.

The Company does not expect to be treated as a CFC, but there can be no assurance in this regard.

If the Company were treated as a CFC, a U.S. Shareholder owning (or treated as owning) 10 per cent. or more of all classes of Company stock entitled to vote would be treated, subject to certain exceptions, as receiving a deemed dividend from the Company at the end of the taxable year, in an amount equal to that person's pro rata share of the subpart F income (as defined below). Such deemed dividend would be treated as income from sources within the United States for U.S. foreign tax credit limitation purposes to the extent that it is attributable to income of the Company from sources within the United States. U.S. Shareholders required to include such amounts will not be subject to the PFIC rules described below with respect to that income.

Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale or exchange of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. Special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions.

An Exempt Organization that incurs indebtedness in connection with its acquisition of Ordinary Shares may have to include its pro rata share of Company income, in advance of its receipt of cash or property from the Company, if the Company is a CFC.

Passive Foreign Investment Company Considerations

The Code defines a PFIC as a corporation that is not formed in the United States and if, for any taxable year, either (a) 75 per cent. or more of its gross income is "passive income", which includes interest, dividends and certain rents and royalties or (b) the average percentage, by fair market value (or, in certain cases, by adjusted tax basis) of its assets that produce or are held for the production of "passive income" is 50 per cent. or more.

The Company anticipates that it will be considered a PFIC. In addition, it is possible that the Company may invest, directly or indirectly, in other non-U.S. corporations that qualify as PFICs. Nonetheless, the remainder of this summary will presume that the Company will be the only PFIC relevant to a U.S. Shareholder, unless the context indicates otherwise.

The holding of Ordinary Shares in a PFIC by a U.S. Person can carry adverse federal income tax consequences under either of two alternative systems: the "elective regime" and the "default regime".

Under the elective regime a U.S. Shareholder may make annual elections (each a "**QEF Election**") to treat the Company as a "qualified electing fund" ("**QEF**"). A U.S. Shareholder that makes a valid QEF Election will be subject to current federal income taxation each year on its pro rata share of the PFIC's net capital gain and ordinary earnings, as determined for federal income tax purposes, whether or not distributed. Certain additional conditions may apply in the first year for which the QEF Election is effective. If the Company were to invest (directly or indirectly) in more than one PFIC, a U.S. Shareholder would need to make separate QEF Elections to treat each such PFIC as a QEF in order to ensure the complete relief accorded under the QEF Regime with regard to that U.S. Shareholder's investment in the Company.

A U.S. Person's ability to make a QEF Election with respect to a PFIC is predicated upon the cooperation of such PFIC in providing, on an annual basis, certain information. The Company generally will not make available the information needed for an investor to make a QEF Election in respect to any PFIC. Accordingly, a U.S. Shareholder generally will be subject to tax, with respect to such PFICs and when applicable, pursuant to the default regime described below.

Under the default regime a U.S. Shareholder generally will not be subject to U.S. federal income taxation on the earnings of the Company until such earnings are distributed, or until gain is realized as a result of an actual or deemed disposition of Ordinary Shares. However, at that time such U.S. Shareholder must pro rate all gains realized on the disposition of the Ordinary Shares and all "excess distributions" on the Ordinary Shares over its entire holding period for the Ordinary Shares. Amounts allocated to earlier years will be taxed at the highest tax rate for each such year applicable to ordinary income. In addition, the default regime imposes an interest charge on those tax liabilities calculated as

if such liability had been due with respect to each such prior year. An "excess distribution" is defined to mean the excess of distributions received during the taxable year over 125 per cent. of the average annual distribution received during the three preceding taxable years.

Where a U.S. Shareholder makes an investment in a fund that also invests in other investment vehicles – some or all of which may constitute PFICs – such U.S. Shareholder will be treated as owning indirectly a portion of each lower-tier PFIC. A U.S. Shareholder may be subject to U.S. federal income tax upon the occurrence of any transaction that is deemed to decrease that U.S. Shareholder's proportionate interest in any such lower-tier PFIC, or upon the deemed receipt of certain distributions from any such lower-tier PFIC.

Tax Shelter Regulations considerations

Treasury regulations pertaining to the identification of "tax shelters" may require the Company (and possibly other parties) to maintain a list of U.S. Shareholders. This list sets forth the identity and taxpayer identification number of each U.S. Shareholder, and may be subject to disclosure to the U.S. tax authorities upon request. In addition, each U.S. Shareholder may also be required to make certain annual disclosures to the IRS with respect to an investment in the Company.

Reporting Requirements for U.S. Persons

In certain circumstances U.S. Shareholders may be required to file Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) with their federal income tax return. Generally, U.S. Shareholders would be required to file where they have transferred cash to a foreign corporation where immediately after the transfer the person owns directly or indirectly at least 10 per cent. of the total voting power or the total value of the corporation or where the amount of cash transferred by the person to the foreign corporation during the 12-month period ending on the date of the transfer exceeds \$100,000. Other rules may apply to transfers of property other than cash.

Individuals and certain U.S. entities with an interest in a "specified foreign financial asset" during the tax year will generally be required to attach a disclosure statement (Form 8938) to their income tax return for any year in which the aggregate value of all such assets is greater than \$50,000. A specified foreign financial asset includes an interest in an offshore investment fund, such as the Company. This requirement has been suspended until the new Form 8938 is released. In addition, a U.S. person within the meaning of the Code (and, in certain cases, a person that is not a U.S. person within the meaning of the Code but that is engaged in business in the U.S.) who owns an interest in an offshore pooled investment fund that, when aggregated with the value of certain other foreign financial accounts, is worth more than \$10,000 during any part of a calendar year should file a Report of Foreign Bank and Financial Accounts (an "FBAR") with respect to such interest by June 30 following the close of such calendar year. It is not clear whether a U.S. Shareholder's investment in the Company should be treated as a foreign financial account for purposes of the FBAR filing requirements. The penalties for failing to file Form 8938 or an FBAR when required can be severe. U.S. Shareholders are urged to consult their own tax advisers or return preparers concerning the application of this reporting obligation to their ownership of interests in the Company.

Taxation of Investments

Investments held in Egypt and the MENA Region by the Company may be subject to withholding and other taxes on the sale or transfer of such investments and in respect of dividends or other income received in respect of such investments.

ERISA AND OTHER BENEFIT PLAN CONSIDERATIONS

CIRCULAR 230 DISCLOSURE: IRS REGULATIONS PROVIDE THAT, FOR THE PURPOSE OF AVOIDING CERTAIN PENALTIES UNDER THE CODE, TAXPAYERS MAY RELY ONLY ON OPINIONS OF COUNSEL THAT MEET SPECIFIC REQUIREMENTS SET FORTH IN THE REGULATIONS, INCLUDING A REQUIREMENT THAT SUCH OPINIONS CONTAIN EXTENSIVE FACTUAL AND LEGAL DISCUSSION AND ANALYSIS. ANY TAX ADVICE THAT MAY BE CONTAINED IN THIS EXPLANATORY MEMORANDUM DOES NOT CONSTITUTE AN OPINION THAT MEETS THE REQUIREMENTS OF THE REGULATIONS. ANY SUCH TAX ADVICE THEREFORE CANNOT BE USED, AND WAS NOT INTENDED OR WRITTEN TO BE USED, FOR THE PURPOSE OF AVOIDING ANY FEDERAL TAX PENALTIES THAT THE IRS MAY ATTEMPT TO IMPOSE. BECAUSE ANY SUCH TAX ADVICE COULD BE VIEWED AS A "MARKETED OPINION" UNDER THE IRS REGULATIONS, THOSE REGULATIONS REQUIRE US TO STATE THAT ANY SUCH TAX ADVICE WAS WRITTEN TO SUPPORT THE "PROMOTION OR MARKETING" OF THE MATTERS SET FORTH IN THIS EXPLANATORY MEMORANDUM. EACH RECIPIENT OF THIS EXPLANATORY MEMORANDUM WITH WHOM WE DO NOT HAVE AN ATTORNEY-CLIENT RELATIONSHIP SHOULD SEEK ADVICE BASED ON THAT PERSON'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

In General

Subject to the limitations applicable to investors generally, Ordinary Shares may be purchased using assets of benefit plans, including employee benefit plans ("**ERISA Plans**") subject to the fiduciary responsibility provisions of Title I of ERISA, and plans, such as retirement plans covering only self-employed individuals and individual retirement accounts, which are subject to Section 4975 of the Code ("**Qualified Plans**" and, together with ERISA Plans, "**Plans**"). However, neither the Company, the board of Directors, the Investment Committee, the Manager, nor any of their agents, employees, or affiliates, makes any representation with respect to whether Ordinary Shares are a suitable investment for any benefit plan, including any ERISA Plan or Qualified Plan.

In considering whether to invest assets of a benefit plan in Ordinary Shares in the Company, the persons acting on behalf of the plan should consider, in the plan's particular circumstances, whether the investment will be consistent with their responsibilities and any special constraints imposed by the terms of the plan and by applicable U.S., state or other law, including ERISA and the Code. Some of the responsibilities and constraints imposed by ERISA on ERISA Plans and by the Code on Qualified Plans are summarized below. The following is merely a summary of those particular laws, however, and should not be construed as legal advice or as complete in all relevant respects. All investors are urged to consult their legal advisors before investing assets of a benefit plan, including an ERISA Plan or Qualified Plan, in Ordinary Shares, and must make their own independent decisions.

Fiduciary Responsibilities under ERISA Plans

Persons acting as fiduciaries on behalf of an ERISA Plan are subject to specific standards of behavior in the discharge of their responsibilities pursuant to Section 404 of ERISA. As a result, such persons must, for example, conclude that an investment in Ordinary Shares by an ERISA Plan would be prudent and in the best interests of Plan participants and their beneficiaries. They must also determine that any such investment would be in accordance with the documents and instruments governing the ERISA Plan, would satisfy applicable diversification requirements, and would provide the Plan with sufficient liquidity in light of the limitations upon a Shareholder's ability to redeem or transfer Ordinary

Shares in the Company. In making those determinations, such persons should take into account, among the other factors described in this Explanatory Memorandum, that the Company will invest its assets in accordance with the investment objectives and policies expressed in this Explanatory Memorandum without regard to the particular objective of any class of investors, including ERISA Plans and Qualified Plans. Such persons should also take into account that, as discussed below, it is not expected that the Company's assets will constitute the "plan assets" of any investing ERISA Plan or Qualified Plan, and that neither the Company, the Investment Committee, the Manager, nor any of their agents, employees, or affiliates, will be a "fiduciary" as to any investing ERISA Plan or Qualified Plan. See also "Identification of Plan Assets" below.

Prohibited Transactions

ERISA Plans and Qualified Plans are subject to special rules limiting direct and indirect transactions involving the assets of a Plan and certain persons "related" to the Plan, termed "parties in interest" under ERISA and "disqualified persons" under the Code. Parties in interest and disqualified persons include any fiduciary to a Plan, any service provider to the Plan, the employer sponsoring the Plan, and certain persons affiliated with a fiduciary, service provider or employer. Engaging in a "prohibited transaction" can result in substantial excise tax penalties and personal liability. The persons acting on behalf of a Plan investing assets in the Company should consider whether an investment of Plan assets in the Company might constitute such a prohibited transaction, as might occur, for example, if the Manager or one of its affiliates were a fiduciary to the investing Plan. See also "Identification of Plan Assets" below.

Identification of Plan Assets

Pursuant to Section 3(42) of ERISA and U.S. Department of Labor Regulations Section 2510.3-101, as modified by Section 3(42) of ERISA (together, the "**Plan Asset Rules**"), an investing Plan will be treated as owning Ordinary Shares in the Company, but the underlying assets of the Company will not generally be treated as part of the assets of the investing Plan. Under the Plan Asset Rules, however, the assets of the Company will be treated as including assets of investing Plans if, immediately after any acquisition of an equity interest in the Company, twenty-five percent (25%) or more of the value of any class of equity interests in the Company is held by "Benefit Plan Investors." For this purpose, a "Benefit Plan Investor" means an ERISA Plan, a Qualified Plan, or an entity deemed to hold plan assets under the Plan Asset Rules by reason of investment in the entity by ERISA Plans or Qualified Plans. However, non-Plan entities which hold plan assets are generally considered to be Benefit Plan Investors only to the extent that their equity interests are held by Benefit Plan Investors, although special rules apply to certain entities, including insurance companies investing assets of their separate accounts and bank collective trust funds. In performing the 25% calculation for the Company, Ordinary Shares in the Company held by persons (and their affiliates) who provide investment advice to the Company for a fee, direct or indirect, or have discretionary authority over the Company's assets (such as the Manager), are disregarded.

Consequences of Plan Asset Status

If the assets of the Company were determined to include plan assets under the Plan Asset Rules, there could be a number of adverse consequences under ERISA and the Code. Under ERISA and the Code, a person who exercises any discretionary authority or discretionary control respecting the management or disposition of the assets of a Plan or who renders investment advice for a fee to a Plan is generally considered to be a fiduciary of such Plan. Consequently, should the 25% threshold be exceeded as to any class of equity in the Company, then the board of Directors, the Investment Committee, and/or the

Manager could be characterized as fiduciaries of the investing Plans. As a result, various transactions between the Company on the one hand, and the board of Directors, the Investment Committee, the Manager or its affiliates, or other parties in interest/disqualified persons with respect to the investing Plans, on the other, could constitute prohibited transactions under ERISA and/or the Code. In addition, the prudence standards and other provisions of Title I of ERISA applicable to investments by ERISA Plans and their fiduciaries would extend to the investments and operations of the Company, and the ERISA Plan fiduciaries who made a decision to invest the Plan's assets in the Company could, under certain circumstances, be liable as co-fiduciaries for actions taken by the Company, the board of Directors, the Investment Committee, and/or the Manager. Finally, certain other requirements of ERISA, such as the "indicia of ownership" rules (see below under "Holding of Indicia of Ownership"), may become applicable to, but not be satisfied as to, the assets of the Company.

Limitation on Investment by Benefit Plan Investors

So that the assets of the Company are not treated as including "plan assets," the Directors do not currently intend to permit investment by Benefit Plan Investors in any class of the Company's equity interests to equal or exceed twenty-five percent (25%) at any time. Accordingly, the board of Directors has the right, in its sole and absolute discretion, to reject any proposed investment by a prospective or existing investor, to deny approval for any transfer of Ordinary Shares, and to require that a Shareholder redeem all or part of its Ordinary Shares. However, the board of Directors reserves the right, in its sole discretion, to permit investment by Benefit Plan Investors to exceed the 25% threshold and to comply thereafter with the applicable provisions of ERISA and the Code.

Representations by Benefit Plan Investors

The fiduciaries of each ERISA Plan and each Qualified Plan investing assets in the Company will be required to represent that they have been informed of and understand the Company's investment objectives, policies and strategies, and that the decision to invest the Plan's assets in the Company is consistent with the Plan's terms and the applicable provisions of ERISA and/or the Code, including, without limitation, terms and provisions that require diversification of Plan assets and impose other fiduciary responsibilities. The fiduciaries of investing Plans will also be required to represent that they are not relying upon the investment or other advice of the board of Directors, the Investment Committee, the Manager or its affiliates in investing in the Company.

Further, any Shareholder that is a Benefit Plan Investor must notify the Company of its status as a Benefit Plan Investor prior to its initial acquisition of Ordinary Shares in the Company, or, if it first becomes a Benefit Plan Investor after its initial acquisition of Ordinary Shares in the Company, a reasonable time prior to becoming a Benefit Plan Investor. Finally, any Benefit Plan Investor that is an entity must notify the Company of the percentage of its assets which are attributable to Benefit Plan Investors, and must inform the Company a reasonable time in advance if that percentage changes.

Holding of Indicia of Ownership

Assets of ERISA Plans must at all times comply with the "indicia of ownership" rules set forth in Section 404(b) of ERISA, which require the fiduciaries of ERISA Plans to maintain the indicia of ownership of any ERISA Plan assets within the jurisdiction of the district courts of the United States. Fiduciaries of ERISA Plans who are considering an investment of Plan assets in Ordinary Shares should consult their own legal advisers regarding compliance with these rules.

Reporting Requirements

ERISA Plans and Qualified Plans are required to determine the fair market value of their assets as of the close of each Plan's fiscal year. ERISA Plans and certain Qualified Plans are also required to file annual reports (Form 5500 series and Form 5498) with the Department of Labor or the Internal Revenue Service. To facilitate such determinations, and to enable Plan fiduciaries to comply with their annual reporting requirements with respect to an investment in the Company, Shareholders will be furnished annually with audited financial statements. There can be no assurance (a) that any value established on the basis of such statements could or will actually be realized by investors upon the Company's liquidation, (b) that investors could realize such value if they were able to, and were to sell their Ordinary Shares, or (c) that such value will in all circumstances satisfy the applicable ERISA or Code reporting requirements. In addition, the fiduciaries of a Plan investing in the Company are notified that the information in the Explanatory Memorandum in relation to: (w) the compensation received by the Manager and the Global Custodian hereunder; (x) the services provided by such parties for such compensation and the purpose for the payment of the compensation; (y) a description of the formula used to calculate the compensation; and (z) the identity of the parties paying and receiving the compensation, is intended to satisfy the alternative reporting option with respect to compensation of the Manager and the Global Custodian that is reportable on Schedule C of the Plan's Form 5500.

GENERAL INFORMATION

1. Incorporation and Share Capital

The Company was incorporated in Bermuda on 19 July 1996 with limited liability and unlimited duration under the Companies Act 1981 and its registration number is 22175.

The Company was incorporated with an authorised share capital of US\$12,000 divided into 1,200,000 shares of a par value of US\$0.01 each. On 25 July 1996 the authorised share capital of the Company was increased to US\$250,000 by the creation of an additional 23,800,000 Shares. On 1 February 2012 the authorised share capital of the Company was reduced to US\$25,000 divided into 25,000,000 shares of a par value of US\$0.001 each. The minimum share capital of US\$12,000 was initially subscribed for by the Manager.

Subject to the transfer restrictions set out under the heading "Important Information" of this Explanatory Memorandum and any other terms which may be agreed between Shareholders and the Company on subscription for Ordinary Shares, the Ordinary Shares issued by the Company are freely transferable (save where the holding of the Ordinary Shares by the transferee would result in any pecuniary, legal, regulatory or material administrative disadvantage for the Company or its Shareholders as a whole), and are issued in registered form and holders are entitled, on request to a certificate in respect of their holdings. Fractions of Ordinary Shares may be issued.

No pre-emption rights exist in respect of the Ordinary Shares, either under Bermuda law, under the Bye-laws or otherwise.

Save as disclosed in this paragraph 1 above:

- (a) no Ordinary Shares have been issued or agreed to be issued for cash or other consideration and no such Ordinary Shares are now proposed to be issued;
- (b) no commissions, discounts or brokerages or special terms have been granted in connection with the issue or sale of the Ordinary Shares; and
- (c) no Ordinary Shares are under option or agreed conditionally or unconditionally to be put under option.

2. Shareholder Rights

The following is a summary of the respective rights attaching to the A Class Ordinary Shares and C Class Ordinary Shares.

The Ordinary Shares carry the sole right to receive income and on liquidation carry the sole right to participate in any amounts payable to Shareholders. On a show of hands every holder of Ordinary Shares who is present shall have one vote, and on a poll, Ordinary Shares each carry one vote. The Ordinary Shares are redeemable at the option of the holder in accordance with the provisions detailed on pages 50 – 51 of this Explanatory Memorandum and at the option of the Company as described on pages 54 to 56.

The Net Asset Value of any Ordinary Share is calculated by determining the Net Asset Value of the relevant class and dividing the resultant sum by the number of Ordinary Shares of that class in issue.

The rights attached to any class of Ordinary Shares may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Ordinary Shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of Ordinary Shares of that class by a majority of the votes cast at such general meeting.

3. Directors and Other Interests

- (a) No Director has:
- i. any unspent convictions in relation to indictable offences; or
 - ii. been bankrupt or the subject of a voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - iii. been a director of any company which, while he was a director with an executive function or within 12 months after he ceased to be a director with an executive function, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangements, or made any composition or arrangements with its creditors generally or with any class of its creditors; or
 - iv. been a partner of any partnership, which while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - v. had any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
 - vi. been disqualified by a court from acting as a director or from acting in the management or conduct of affairs of any company.
- (b) There are no service contracts in existence between the Company and any of its Directors, nor are any such contracts proposed.
- (c) The Secretary is employee of the Administrator which will receive fees for its services to the Company.
- (d) No Director has any interest, direct or indirect, in the promotion of the Company and no Director is materially interested in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company or is unusual in its nature, except for Mai Mounir who is an employee of Hermes Fund Management S.A.E. that is acting as Investment Advisor to the Manager and Placing Agent.
- (e) At the date of this Explanatory Memorandum, no Director of the Company or any connected person thereof, has any interest, direct or indirect, in the share capital of the Company.
- (f) The chairman of the board of Directors is entitled to an annual fee of US\$10,000 while other independent directors (who are not employed by an entity of the EFG-Hermes Group) are entitled to an annual fee of US\$7,500 each. The Company shall also be responsible for the payment of the Directors' travel and accommodation expenses.

- (g) As a substantial number of the A Class Ordinary Shares currently in issue and to be issued are or will be held through Euroclear or Clearstream and it is likely that a substantial number of the C Class Ordinary Shares to be issued may also be held through Euroclear or Clearstream, the Directors cannot and will not be able to ascertain the identity of the ultimate beneficial owners of the Ordinary Shares and the level of such owners shareholdings with sufficient accuracy to enable them to disclose with any certainty those beneficial owners holding or who may hold 3 per cent. or more of the Ordinary Shares either now or in the future.

4. Ordinary Share Certificates

Ordinary Shares are issued in registered form in the Shareholder's name in the register of Shareholders of the Company. Unless a Shareholder specially requests in writing, no share certificates will be issued. Each Shareholder not requesting a certificate will, however, be issued with a personal account number relating to such Shareholder's purchases of Ordinary Shares. Upon written request, certificates for any number of Ordinary Shares will be issued by the Company and sent to the Shareholder at the address entered on the register of Shareholders. In the event of a request for a certificate, a certificate of Ordinary Shares will be sent to the person in whose name they are registered or, if more than one person, the first person whose name appears on the register, at the risk of the holder of such Ordinary Shares.

5. General Meetings

The Company is required to have one annual general meeting of the Shareholders in each year. Special general meetings of the Shareholders may be convened by the Directors or upon the written requisition of a Shareholder or Shareholders holding Shares in the Company carrying the right to not less than one-tenth of the votes exercisable at general meetings of the Company.

Notice of an annual general meeting must be sent to each Shareholder at his address in the register of Shareholders or to such other address given for that purpose at least 21 days before the meeting takes place stating the time, date, place and, as far as practicable, the objects of the meeting. Notice of a special general meeting must be sent to each Shareholder at his address in the register of Shareholders or to such other address given for that purpose at least 21 days before the meeting takes place stating the time, date, place and, the nature of the business it is proposed to transact at the meeting and no business of which notice has not been given shall be transacted at a special general meeting. Notices of annual general meetings and special general meetings may be sent by letter mail, courier service, cable, telex, telecopier, facsimile, electronic mail or other mode of representing word in legible form.

No business shall be transacted at any general meeting, unless a quorum shall be at least two Shareholders representing not less than 25 per cent. of the issued Ordinary Shares of that class is present, or if within half an hour from the time appointed for a general meeting a quorum is not present, the general meeting, if convened on the requisition of or by Shareholders, shall be dissolved. In any other case it shall stand adjourned for not less than fifteen (15) days at the same place and if at such adjourned meeting a quorum is not present within fifteen (15) minutes from the time appointed for holding the meeting, the holders of Shares present in person or by proxy, not being less than two (2), shall be a quorum.

6. Memorandum and Bye-laws

The principal object of the Company, as specified in clause 6 of its Memorandum of Association is to be a mutual fund and in furtherance thereof to acquire, hold, sell, dispose of and otherwise deal in property of all kinds.

In addition to provisions effectively dealt with elsewhere in this Explanatory Memorandum, the Bye-laws contain the following additional material provisions:

(a) *Directors' interests*

Provided the nature and extent of his interest is or has been declared in accordance with the Byelaws, a Director may enter into any contract or arrangement with the Company or in which the Company is interested and such contract or arrangement shall not be liable to be avoided and the Director concerned shall not be liable to account to the Company for any profit or benefit realised by any such contract or arrangement by reason of his holding of that office or the fiduciary relationship so established and may hold any other office (except that of the auditors) or place of profit with the Company in conjunction with the office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

A Director shall not vote, or be counted in the quorum, at a meeting of the Directors on any resolution in respect of his appointment (or the arrangement of the terms of such appointment) to hold any office or place of profit with the Company or in respect of any contract or arrangement in which he is materially interested. This prohibition does not apply (in the absence of some material interest other than as indicated below), inter alia, to:

- (i) the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him for the benefit of the Company;
- (ii) the giving of any security, guarantee or indemnity to a third party in respect of any debt or obligation of the Company for which he himself has assumed responsibility under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer for Ordinary Shares or debentures or other securities of or by the Company for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof; and
- (iv) any proposal concerning any other company in which he is interested as an officer, shareholder, creditor or otherwise howsoever provided that he is not the holder of one per cent., or more of any class of the issued equity share capital of such company or of the voting rights available to members of the relevant company, any such interest being deemed for the purposes of the Bye-laws to be a material interest in all circumstances.

The Company in general meeting may suspend or relax the provisions described above to any extent or ratify any transaction not duly authorised by reason of a contravention thereto. The remuneration of the Directors shall be determined by the Directors and shall not in aggregate exceed US\$100,000 per annum or such other

sum as may from time to time be determined by the Company in general meeting and shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

(b) *Increase and Reduction of Capital*

Subject to the laws of Bermuda, the Company may in general meeting increase its capital by such sum divided into shares of such amounts and in such classes with such rights as the resolution shall prescribe, and may consolidate and divide its shares or any of them into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person or sub-divide its shares or any of them into shares of a smaller amount. All new shares shall be subject to the provisions of the Bye-laws with reference to transfer, transmission, redemption and otherwise. The Company in general meeting may by resolution reduce its share capital and may reduce any capital reserve or any share premium account in any manner authorised by law.

(c) *Variation of Rights*

Whenever the Company's share capital is divided into more than one class, the rights attached to any class of share may be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of shares of that class by a simple majority of the votes cast at such general meeting. Provisions of the Bye-laws relating to general meetings apply, mutatis mutandis, to every such separate general meeting, except that the quorum shall be at least two Shareholders representing not less than one-third in nominal amount of the issued shares of that class.

(d) *Borrowing Powers*

Subject to any other restriction which appears in this Explanatory Memorandum, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, and assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as a security for any debts.

(e) *Retirement of Directors*

There is no provision for the retirement of Directors on their attaining a certain age.

(f) *Transfer of Shares*

Without prejudice to the provisions set out under heading "Transfers" in section headed "Applications, redemptions and transfers" of this Explanatory Memorandum, the Shares are freely transferable subject to the execution by the transferor of a share transfer form stating the full name and address of the transferor and transferee.

(g) *Unclaimed Dividends*

Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be automatically forfeited and shall revert to the Company.

7. Miscellaneous

- (a) The Company is not, and since incorporation has not been, engaged in any litigation or arbitration and no litigation or claim is known to the Directors to be pending or threatened against it.
- (b) The Company assumes no responsibility for the withholding of tax at source. (Investors are referred to the section entitled “Taxation” above for more details of the tax treatment of the Company and its Shareholders).
- (c) The Company has not established and does not intend to establish a place of business in the United Kingdom or the Republic of Ireland.
- (d) Each Shareholder shall be entitled to inspect the entries on the register of Shareholders pertaining to their individual investment in the Company at all times during normal business hours at the registered office of the Company.
- (e) As at the date of this Explanatory Memorandum, the Company has no loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, guarantees or other contingent liabilities.
- (f) The Company is not and does not intend to be registered or licensed in any jurisdiction or with any supervisory or regulatory authority outside Bermuda (other than as regards a listing on the ISE).

8. Share Register

The register of Shareholders of the Company will not be available for inspection by Shareholders at any time. Rather Shareholders, upon demand to the Secretary during normal office hours, may request an extract providing details of their particular ownership of Ordinary Shares of the Company.

9. Material Contracts

The Company has entered into the following contracts which are or may be material:

- (a) the Management Agreement effective 1 September 2008, as amended by a deed of amendment effective 19 January 2012, pursuant to which the Manager has agreed to provide certain investment advisory and investment management services to the Company. Certain details relating to the Management Agreement are contained on page 43 of this Explanatory Memorandum. Details of the fees payable to the Manager are described on pages 58 – 59 of this Explanatory Memorandum. Under the terms of the Management:
 - (i) the Manager is excluded from any liability to the Company or any Shareholder for any error of judgment or loss suffered, except in the case of fraud, bad faith, negligence or wilful default on its part;

- (ii) the Manager may terminate the Management Agreement:
 - a. by giving not less than 3 month's notice expiring on the last Valuation Day in March, June, September or December in any year;
 - b. at any time if the Company shall go into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the Manager) or be unable to pay its debts or commit an act of bankruptcy under the laws of Bermuda or if a receiver is appointed of any of the investments or if an administration order is made in relation to the Company or if some event having an equivalent effect under Bermuda law occurs;
 - c. at any time if the Company shall commit any material breach of its obligations under this Agreement and (if such breach shall be capable of remedy) shall fail within thirty days of receipt of notice served by the Manager requiring it so to do to make good such breach;
 - d. at any time if the Manager shall cease to be permitted by the laws of England, Bermuda or elsewhere as may be applicable to act as such;
 - (iii) the Company may terminate the Management Agreement:
 - a. at any time if the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company) or is unable to pay its debts or commits an act of bankruptcy under the laws of Bermuda or if a receiver is appointed of any of the assets of the Manager or if an administration order is made in relation to the Manager or if some event having an equivalent effect occurs;
 - b. at any time if the Manager shall commit any material breach of its obligations under this Agreement and (if such breach shall be capable of remedy) shall fail within thirty days of receipt of notice served by the Company requiring it so to do to make good such breach;
 - (iv) notwithstanding (ii) and (iii) above, the parties may agree, at any time, to terminate the Management Agreement by mutual consent.
- (b) the Custody Agreement effective 1 September 2008, pursuant to which the Global Custodian has agreed to act as the Company's Global Custodian and to provide, amongst other things, custody services to the Company. Details of the fees payable under the Custody Agreement are described on page 59. Under the terms of the Custody Agreement:

- (i) the Global Custodian may appoint agents, sub-custodians or delegates, to perform the custody services on its behalf and may delegate any of its powers under the agreement to such person. In the event that the Global Custodian does so delegate its powers, it shall remain liable for the fraud, negligence or wilful default of any such appointee as if no such appointment had been made, provided that it will not be liable in respect of the negligence or default of any entity providing central depository, clearing and/or settlement facilities;
- (ii) the Global Custodian will indemnify the Manager and/or the Company against all claims, liabilities, damages, costs and expenses which are incurred by the Manager and/or the Company (as applicable) and all actions or proceedings which may be brought against the Manager and/or the Company (as applicable) except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Manager or Company (as the case may be), and/or its employees in connection with the provisions of the services set out in the Custody Agreement, provided that the Global Custodian shall not be liable to indemnify the Manager or the Company (as applicable) for any indirect or consequential losses incurred or suffered by any of them; and
- (iii) the Manager and/or the Company (as applicable) will indemnify the Global Custodian against all claims, liabilities, damages, costs and expenses which are incurred by the Manager and/or the Company (as applicable) and all actions or proceedings which may be brought against the Manager and/or the Company (as applicable) except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Global Custodian, and/or its employees in connection with the provisions of the services set out in the Custody Agreement provided that the Manager and/or Company (as applicable) shall not be liable to indemnify the Global Custodian for any indirect or consequential losses incurred or suffered by it;
- (iv) either of the Company/Manager and the Global Custodian may terminate the Custody Agreement:
 - a. by giving not less than three months' notice in writing to the other party expiring at any time after the said three months period;
 - b. by giving not less than thirty days' notice in writing to the other party if such party shall commit any breach of its obligations under this Agreement (and if such breach is capable of remedy, shall fail within thirty days of receipt of notice served by the first party requiring it so to do, to make good such breach);
 - c. at any time without such notice as is referred to in paragraphs (a) or (b) of this Clause by giving notice in writing to the

other party if that party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation) or if a receiver of any of the assets of the defaulting party is appointed;

- (v) where the Custodian ceases to be regulated by the appropriate regulatory authority to act as custodian and perform its duties under this Agreement then the Custodian must immediately notify the Company in writing upon such the Company will be entitled to terminate this Agreement with immediate effect, subject to the appointment of a new custodian;
- (c) an Administration Agreement effective 1 September 2008 between the Company and the Administrator pursuant to which the Administrator has agreed to provide administration and corporate secretarial services to the Company. The fees payable to the Administrator are set out under the section headed "Fees and Expenses". This Administration Agreement excludes the Administrator and any of its directors, offices or agents for any liability for any loss, expenses or consequences on account of anything done or suffered by them in good faith in the proper performance of that Administration Agreement, except in the case of negligence, wilful default, fraud or bad faith. Details of the fees payable to the Administrator are described on page 59. Under the terms the Administration Agreement:
- (i) the Company will indemnify the Administrator, its officers and employees or its affiliate (the "**Administrator/Affiliate**") and or against all claims, liabilities, damages, costs and expenses which are incurred by the Administrator/Affiliate and all actions or proceedings which may be brought against the Administrator/Affiliate except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Administrator/Affiliate in connection with the provisions of the services set out in this Administration Agreement provided that the Company shall not be liable to indemnify the Administrator for any indirect or consequential losses incurred or suffered by the Administrator/Affiliate and or its officer and employees;
 - (ii) the Administrator/Affiliate will indemnify the Company against all claims, liabilities, damages, costs and expenses which are incurred by the Company and all actions or proceedings which may be brought against the Company except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Company in connection with the provisions of the services set out in this Administration Agreement provided that the Administrator/Affiliate shall not be liable to indemnify the Company for any indirect or consequential losses incurred or suffered by it;
 - (iii) the Company or the Administrator may terminate the Administration Agreement as follows:
 - a. on three months' written notice, for convenience;

- b. on 30 days' notice if there is a breach by a party of the Administration Agreement and that breach is capable of being remedied and the party who committed the breach fails to remedy that breach to the satisfaction of the other party within 30 days of receipt of notice of the breach;
 - c. at any time where notice in writing is given by the party to another if that party goes into liquidation (except a voluntary liquidation for the purpose of the construction and amalgamation) or if a receiver of any of the assets of the defaulting party is appointed; or
 - d. immediately subject to the appointment of new administrator if the Administrator ceases to be regulated by the relevant authority to act as Administrator;
- (d) the Registrar Agreement effective 1 September 2008, pursuant to which the Registrar has agreed to provide registrar services to the Company. The fees payable to the Registrar are set out under the section headed "Fees and Expenses". This Registrar Agreement excludes the Registrar and any of its directors, offices or agents for any liability for any loss, expenses or consequences on account of anything done or suffered by them in good faith in the proper performance of the Registrar Agreement, except in the case of negligence, wilful default, fraud or bad faith and provides that:
 - (i) the Registrar will indemnify the Company against all claims, liabilities, damages, costs and expenses which are incurred by the Company and all actions or proceedings which may be brought against the Company except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Company in connection with the provisions of the services set out in this Registrar Agreement provided that the Company shall not be liable to indemnify the Registrar for any indirect or consequential losses incurred or suffered by it; and
 - (ii) the Company will indemnify the Registrar against all claims, liabilities, damages, costs and expenses which are incurred by the Registrar and all actions or proceedings which may be brought against the Registrar except so far as such actions result from fraud, negligence, wilful default, breach or non-performance of the Registrar in connection with the provisions of the services set out in this Registrar Agreement provided that the Company shall not be liable to indemnify the Registrar for any indirect or consequential losses incurred or suffered by it;
 - (iii) the Company or the Registrar may terminate the Registrar Agreement as follows:
 - a. on three months' written notice, for convenience;
 - b. on 30 days' notice if there is a breach by a party of the Registrar Agreement and that breach is capable of being

remedied and the party who committed the breach fails to remedy that breach to the satisfaction of the other party within 30 days of receipt of notice of the breach;

- c. at any time where notice in writing is given by the party to another if that party goes into liquidation (except a voluntary liquidation for the purpose of the construction and amalgamation) or if a receiver of any of the assets of the defaulting party is appointed; or
- d. immediately subject to the appointment of new registrar if the Registrar ceases to be regulated by the relevant authority to act as Registrar.

10. Significant change statement

Subject to any disclosures concerning the business of the Company made throughout this Explanatory Memorandum, the Directors confirm that as at the Publication Date, there are no events which have occurred subsequent to the date of the latest audited financial statements of the Company and prior to the Publication Date that either provide material additional information relating to conditions that existed at the date of such financial statements or which cause significant changes to assets or liabilities relating to the Company or which will or may have a significant effect on the future operations of the Company.

Investors are referred to the marketing material relating to the Company as may be available from the Manager from time to time.

11. Accounts

The Company prepares annual accounts to 31 March in each year. Interim accounts will be prepared in respect of the first six months of each annual accounting period of the Company. Shareholders and the ISE will be sent a copy of the Company's annual report and audited financial statements within six months of the end of the period to which they relate and not less than 21 days before the annual general meeting. Interim accounts will be sent to Shareholders and the ISE within four months of the end of the period to which they relate.

12. Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company during usual business hours (Saturday and public holidays excepted) for a period of fourteen days from the date of this Explanatory Memorandum, or for the duration of any offer to which this Explanatory Memorandum relates, if longer:

- (i) the material contracts referred to in paragraph 9 above;
- (ii) the Memorandum of Association and Bye-laws of the Company;
- (iii) the Companies Act 1981 of Bermuda, as amended;
- (iv) the Investment Funds Act 2006 of Bermuda, as amended;

- (v) this Explanatory Memorandum and any other offering or placing documents produced from time to time by the Company;
- (vi) the most recent annual report and accounts of the Company (when available); and
- (vii) any interim or periodic accounts and/or reports sent to Shareholders.

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR
ENDED 31 MARCH 2011**

EFG – HERMES EGYPT FUND LIMITED

<u>Chairman</u>	Mr. Walid Shash
<u>Directors</u>	Mr. Walid Kuba (Vice-Chairman) Mr. Sami Khouri Mr. Mohammed Abdel-Halim (resigned with effect from October 27, 2010) Ms. May El Hoshy (appointed with effect from December 21, 2010)
<u>Registered Office</u>	6, Front Street, Hamilton, HM 11, Bermuda.
<u>Bankers</u>	HSBC Bank, Egypt HSBC Middle East Limited, Bahrain HSBC Bank
<u>Investment Manager</u>	EFG-Hermes Financial Management (Egypt) Limited
<u>Administrator & Custodian</u>	HSBC Bank Middle East Limited
<u>Auditor</u>	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

EFG – HERMES EGYPT FUND LIMITED

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¹ The page numbering has been adapted to follow the numbering of this Explanatory Memorandum.

EFG-HERMES EGYPT FUND LIMITED

DIRECTORS' REPORT

The Directors present the annual report and financial statements of EFG-Hermes Egypt Fund Limited (“the Fund”) for the year ended March 31, 2011.

PRINCIPAL ACTIVITY

The EFG-Hermes Egypt Fund Limited is an Investment Company incorporated in Bermuda and its primary objective is to achieve long term capital appreciation through investments in Egypt.

REVIEW OF BUSINESS

The results of the operations of the Fund are summarised on page (91)².

APPROPRIATIONS

None.

CHANGE IN DIRECTORS

Ms. May El Hoshy was appointed to the Board on December 21, 2010 and Mr. Mohammed Abdel-Halim resigned with effect from October 27, 2010.

AUDITOR

A resolution proposing the reappointment of Deloitte & Touche as the auditor of the Fund for the year ending March 31, 2012 and authorising the Directors to determine their remuneration will be put to the Annual General Meeting.

On behalf of the Board

Ms. May El Hoshy
Director

September 8, 2011

² The page numbering has been adapted to follow the numbering of this Explanatory Memorandum.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS

EFG-Hermes Egypt Fund Limited
Hamilton,
Bermuda.

Report on the Financial Statements

We have audited the accompanying financial statements of EFG-Hermes Egypt Fund Limited, (“the Fund”), which comprise the statement of financial position as at March 31, 2011, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS (CONTINUED)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of EFG-Hermes Egypt Fund Limited as at March 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 7 (a) to the financial statements. The financial assets at fair value through profit or loss represent investments in listed securities, which, according to the representation of the Investment Manager, provide the Fund with the opportunity for return through trading gains. The fair values of these securities are based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value. Our opinion is not qualified in respect of this matter.

Manama – Kingdom of Bahrain
September 8, 2011

Deloitte & Touche

EFG – HERMES EGYPT FUND LIMITED**STATEMENT OF FINANCIAL POSITION**
AS AT MARCH 31, 2011

	<u>Notes</u>	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Assets			
Current assets			
Cash at banks	6	6,105,582	1,779,368
Financial assets at fair value through profit or loss	7	33,470,033	34,017,676
Other assets	8	286,982	198,373
		-----	-----
Total assets		39,862,597	35,995,417
		-----	-----
Liabilities			
Current liabilities			
Accrued fees and other payables	9	213,172	558,597
Due to a related party	12.2	173,076	157,490
		-----	-----
Total liabilities		386,248	716,087
		-----	-----
Net assets attributable to holders of redeemable shares		39,476,349	35,279,330
		=====	=====
Analysis of net assets:			
Capital		82,586,676	60,739,096
Net cumulative realised loss		(32,178,936)	(30,895,941)
Change in fair value of financial assets at fair value through profit or loss	7	(10,931,391)	5,436,175
		-----	-----
Net assets		39,476,349	35,279,330
		=====	=====
Number of shares	10	1,331,103	812,548
		=====	=====
Net asset value per share	15	29.66	43.42
		=====	=====

The financial statements were approved and authorised for issue by the Directors on September 8, 2011 and signed on their behalf by:

Ms. May El Hoshy
Director

The attached notes form an integral part of these financial statements.

EFG – HERMES EGYPT FUND LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED MARCH 31, 2011

	<u>Notes</u>	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Revenue			
Dividend income		761,101	1,063,172
Net realised gain / (loss) on disposal of financial assets at fair value through profit or loss		123,527	(4,425,400)
Change in fair value of financial assets at fair value through profit or loss		(16,367,566)	14,380,777
(Loss) / gain from foreign currency translation		(1,146,703)	65,510
Other operating income		1,131	2,667
		-----	-----
Total operating (loss) / income		(16,628,510)	11,086,726
		-----	-----
Expenses			
Management fees	5 & 12.1	784,829	638,090
Administration fees	5	44,853	37,918
Custody fees	5	44,853	37,918
Board of Directors' fees		25,000	-
Other expenses		122,516	128,836
		-----	-----
Total operating expenses		1,022,051	842,762
		-----	-----
(Loss) / profit for the year		(17,650,561)	10,243,964
		-----	-----
(Decrease) / increase in net assets attributable to holders of redeemable shares		(17,650,561)	10,243,964
		=====	=====

The attached notes form an integral part of these financial statements.

EFG – HERMES EGYPT FUND LIMITED

STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2011

	<u>2011</u>	<u>2010</u>
	<u>USD</u>	<u>USD</u>
Net assets attributable to holders of redeemable shares at the beginning of year	35,279,330	31,892,381
Issue of redeemable shares	24,458,785	738,963
Redemption of redeemable shares	(2,611,205)	(7,595,978)
(Decrease) / increase in net assets attributable to holders of redeemable shares	(17,650,561)	10,243,964
	-----	-----
Net assets attributable to holders of redeemable shares at the end of year	39,476,349	35,279,330
	=====	=====

The attached notes form an integral part of these financial statements.

EFG – HERMES EGYPT FUND LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2011**

	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Cash flows from operating activities		
(Decrease) / increase in net assets attributable to holders of redeemable shares	(17,650,561)	10,243,964
Adjustments for:		
Net loss / (gain) on financial assets at fair value through profit or loss	17,390,742	(10,020,887)
Dividend income	(761,101)	(1,063,172)
Interest income	-	(2,667)
	-----	-----
	(1,020,920)	(842,762)
Changes in operating assets and liabilities:		
Decrease in other assets	-	3,746
Decrease in accrued fees and other payables	(10,313)	(159,452)
Increase in due to a related party	15,586	2,530
	-----	-----
Cash used in operations	(1,015,647)	(995,938)
Purchase of financial assets at fair value through profit or loss	(51,210,004)	(87,682,056)
Proceeds from disposal of financial assets at fair value through profit or loss	33,744,811	81,076,679
Dividend received	959,474	886,324
Interest received	-	2,667
	-----	-----
Net cash used in operating activities	(17,521,366)	(6,712,324)
	-----	-----
Cash flows from financing activities		
Proceeds from issue of redeemable shares	24,458,785	738,963
Payments on redemption of redeemable shares	(2,611,205)	(7,595,978)
	-----	-----
Net cash from / (used in) financing activities	21,847,580	(6,857,015)
	-----	-----
Net increase / (decrease) in cash and cash equivalents	4,326,214	(13,569,339)
Cash and cash equivalents at the beginning of the year	1,779,368	15,348,707
	-----	-----
Cash and cash equivalents at the end of the year	6,105,582	1,779,368
	=====	=====
Comprising:		
Cash at banks	6,105,582	1,779,368
	-----	-----
	6,105,582	1,779,368
	=====	=====

The attached notes form an integral part of these financial statements.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

1. STATUS AND ACTIVITIES:

EFG-Hermes Egypt Fund Limited (“the Fund”) is an investment company incorporated in Bermuda with limited liability for the purpose of providing shareholders with the opportunity of investing indirectly in Egypt. The Fund commenced its activities on August 14, 1996. The registered number of the Fund is 22175.

On August 24, 1999, the Fund’s Board of Directors changed the name of the Fund from “The Egypt Fund Limited” to “The EFG-Hermes Egypt Fund Limited”.

The financial statements represent the assets, liabilities and operations of the Fund only.

The Fund does not have any employees, however, it uses the services of an Investment Manager, an Administrator and a Custodian for the fund management, administration and custody functions.

2. ADOPTION OF NEW AND REVISED STANDARDS:

2.1 Standards affecting the disclosures and presentation in the current year

None of the revised Standards that have been adopted in the current year, which were effective for annual periods beginning on or after April 1, 2010, have affected the disclosures and presentations in the financial statements. Details of those Standards adopted in these financial statements but that have had no effect on the amounts reported are set out in Note 2.2.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

	Effective for annual periods beginning on or after
<i>New Interpretations:</i>	
IFRIC 17 Distributions of Non-cash Assets to Owners	July 1, 2009
<i>Amendments to Standards:</i>	
IFRS 2 Share-based Payment – Amendments relating to Company cash-settled share-based payment transactions	January 1, 2010
IFRS 3 Business Combinations- Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 annual improvements to IFRS’s	July 1, 2009
IFRS 8 Operating Segments – Amendments for disclosure of segment assets	January 1, 2010
IAS 27 Consolidated and Separate Financial Statements- Consequential amendments arising from amendments to IFRS 3	July 1, 2009

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2011**

2. ADOPTION OF NEW AND REVISED STANDARDS: (CONTINUED)

2.2 Standards and Interpretations adopted with no effect on the financial statements (Continued)

		Effective for annual periods beginning on or after
<i>Amendments to Standards: (Continued)</i>		
IAS 28	Investments in Associates-Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement-Amendments for eligible hedged Items	July 1, 2009
IAS 31	Interests in Joint Ventures-Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation – Classification of Right Issues	February 1, 2010
Various Standards	Amendments resulting from April 2009 Annual Improvements to IFRS's	Various

2.3 Standards and Interpretations in issue not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective:

		Effective for annual periods beginning on or after
<i>New Interpretation:</i>		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
<i>New Standards:</i>		
IFRS 9	Financial Instruments	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosures of Involvement in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
<i>Amendments to Standards and Interpretations:</i>		
IFRS 1	First-time Adoption of International Financial Reporting Standards- Limited exemption from comparative IFRS 7 disclosures for First-time adopters	July 1, 2010
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets	July 1, 2011
IAS 1	Presentation of Financial Statements – Amendments to revise the way how other comprehensive income is presented	July 1, 2012
IAS 19	Employee Benefits (2011)	January 1, 2013
IAS 24	Related Party Disclosures	January 1, 2011

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011

2. ADOPTION OF NEW AND REVISED STANDARDS: (CONTINUED)

2.3 Standards and Interpretations in issue not yet effective (Continued)

		Effective for annual periods beginning on or after
<i>Amendments to Standards and Interpretations: (Continued)</i>		
IAS 27	Separate Financial Statements (2011)	January 1, 2013
IAS 28	Investments in Associates and Joint Ventures (2011)	January 1, 2013
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011
Various Standards	Amendments resulting from May 2010 Annual Improvements to IFRS's	Various

The Directors anticipate that all of the above Standards and Interpretations as applicable, will be adopted in the Fund's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of Preparation

The financial statements are prepared on the historical cost convention, except for the revaluation of certain financial instruments.

The financial statements are presented in United States Dollars ("USD") being the functional and presentation currency of the Fund.

The significant accounting policies are as follows:

(a) Investment in Securities

The values of securities listed on a securities exchange are based on the official closing price on that exchange on the day of valuation or, if no sale had occurred on such day, at the last bid price on such day if held long, and at the last asked price if held short. Transactions in marketable securities are accounted for on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investments within the time frame established by the market concerned.

Investments in securities which are classified as financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value. Any resultant change in the fair value is recognised in profit or loss as unrealised gains or losses. Realised gains and losses from disposal of securities are determined on an average cost basis.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2011**

3. **SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

(b) **Receivables**

Receivables are non-derivative financial assets with fixed or determinable amounts that are not quoted in an active market. They arise when the Fund sells securities through a broker. Receivables are recognised at fair value net of transaction costs that are directly attributable to their disposal and are carried at amortised cost using the effective interest method, less any impairment.

(c) **Payables**

Payables are recognised for amounts to be paid in the future for services received, whether billed by the provider or not. These are recognised at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(d) **Revenue Recognition**

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable.

(e) **Foreign Currencies**

Foreign currency transactions are recognised in United States Dollars at the approximate rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currency at the valuation date are retranslated to United States Dollars at the rates of exchange at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

Translation differences on equities held at fair value through profit or loss, are reported as part of the fair value gain or loss in profit or loss.

(f) **Expenses**

All recurring expenses are accounted for on the accrual basis.

Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

(g) **Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash at banks.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2011**

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies, which are described in Note 3 and that have the most significant effect on the amounts recognised in financial statements.

Classification of investments

Management has to decide upon acquisition of an investment whether it should be classified as held to maturity, available-for-sale or investments at fair value through profit or loss. For those deemed to be held to maturity, the Fund ensures that the requirements of IAS 39 are met and in particular the Fund has the positive intention and ability to hold these to maturity. The Fund classifies investments as carried at fair value through profit or loss if they are acquired primarily for the purpose to be held for trading or, upon initial recognition, it is designated by the Fund as at fair value through profit or loss. All other investments are classified as available-for-sale.

Key sources of estimation uncertainty

There are no significant key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2011**

5. **FEES:**

(a) **Management Fee**

The Investment Manager is entitled to receive from the Fund a management fee accruing monthly at the annual rate of 1.75% of the Net Assets Value (“NAV”) of the Fund on each valuation day and payable quarterly in arrears (calculated prior to deduction of management fees).

In addition, the Investment Manager is entitled to reimburse all reasonable out of pocket and third party expenses incurred in performance of its duties. The Investment Manager is entitled to waive or rebate any part of its management fee.

(b) **Administration Fee**

Under the Administration Agreement, the Fund pays the Administrator at a maximum of 0.1% of the NAV of the Fund (subject to a minimum of USD 3,000 per month). The Administration Fee is accrued and payable on a monthly basis.

(c) **Custody Fee**

Under the Custody Agreement, the Fund pays the Custodian an agreed percentage of the investments of the Fund. The Custody Fee is accrued and payable on a monthly basis. The Custodian is entitled to receive a maximum of 0.1% of the NAV of the Fund (subject to a minimum of USD 3,000 per month).

(d) **Board of Directors’ Fee**

The Board of Directors is currently comprised of four Directors. The Fund is responsible for the payment of the Directors’ fees. Directors’ fees for the year amounted to USD 25,000 (2010: Nil).

6. **CASH AT BANKS:**

Cash at banks consists of cash held in current accounts.

EFG – HERMES EGYPT FUND LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED MARCH 31, 2011**7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:**

This caption is composed of the following:

March 31, 2011

	<u>Cost</u>	<u>Fair value</u>	<u>Change in fair</u>
	<u>USD</u>	<u>USD</u>	<u>value</u>
			<u>USD</u>
Investment in listed shares			
- Financial Institutions	13,804,881	11,477,596	(2,327,285)
- Telecommunication	2,811,811	2,643,906	(167,905)
- Services	667,965	607,039	(60,926)
- Industrial	3,859,603	2,951,750	(907,853)
- Construction	11,086,716	8,685,512	(2,401,204)
- Food	565,251	511,111	(54,140)
- Real Estate	11,605,197	6,593,119	(5,012,078)
	-----	-----	-----
	44,401,424	33,470,033	(10,931,391)
	=====	=====	=====

March 31, 2010

	<u>Cost</u>	<u>Fair value</u>	<u>Change in fair</u>
	<u>USD</u>	<u>USD</u>	<u>value</u>
			<u>USD</u>
Investment in listed shares			
- Financial Institutions	5,709,045	6,509,864	800,819
- Telecommunication	2,762,760	6,037,360	3,274,600
- Services	1,376,423	1,259,116	(117,307)
- Investment	3,306,002	3,272,062	(33,940)
- Construction	12,503,517	13,817,783	1,314,266
- Cement	844,101	815,806	(28,295)
- Others	2,079,653	2,305,685	226,032
	-----	-----	-----
	28,581,501	34,017,676	5,436,175
	=====	=====	=====

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

7. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS: (CONTINUED)**

- (a) Investments in listed shares are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on investment through trading gains. The fair value of these securities is based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

8. **OTHER ASSETS:**

	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Dividend receivable	-	198,373
Receivable on disposal of financial assets at fair value through profit or loss	286,982	-
	-----	-----
	286,982	198,373
	=====	=====

9. **ACCRUED FEES AND OTHER PAYABLES:**

	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Administration fees	3,781	3,292
Custody fees	3,781	3,292
Payable on disposal of financial assets at fair value through profit or loss	201,616	536,728
Other accruals	3,994	15,285
	-----	-----
	213,172	558,597
	=====	=====

10. **CAPITAL:**

The capital of the Fund consists of redeemable shares units with a par value of USD 10 per unit, which do not carry voting rights. They are entitled to dividends and to a proportionate share of the Fund's net assets attributable to holders of redeemable shares.

All issued redeemable shares are fully paid. The Fund's capital is represented by these redeemable shares. Quantitative information about the Fund's capital is provided in the statement of changes in net assets attributable to holders of redeemable shares.

Each shares issued confers upon the shareholder an equal interest in the Fund, and is of equal value. A share does not confer any interests in any particular asset or investment of the Fund.

Change in the number of redeemable shares outstanding can be reconciled as follows:

	<u>No. of shares</u>	
	<u>2011</u>	<u>2010</u>
Opening balance	812,548	987,331
Subscriptions of redeemable shares	580,627	19,349
Redemptions of redeemable shares	62,072	(194,132)
	-----	-----
Ending balance	1,331,103	812,548
	=====	=====

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED MARCH 31, 2011**

11. BUSINESS AND GEOGRAPHIC SEGMENTS:

The Directors are of the opinion that the Fund is engaged in a single segment of business, being investments in equity securities issued by companies primarily operating and generating revenue in Egypt and therefore no segmental reporting has been provided.

12. RELATED PARTY TRANSACTIONS:

Transactions with entities in which the Investment Manager and its parent Company, EFG Group have substantial or controlling interest and transactions with key management personnel of the Fund are classified as transactions with related parties. These transactions are approved by the Board of Directors.

EFG-Hermes Financial Management (Egypt) Limited, the Investment Manager, is the sponsor of the Fund.

12.1 During the year, the Fund entered into the following transactions with its related parties:

<u>Related Party</u>	<u>Nature of transactions</u>	<u>Amount earned/(incurred)</u>	
		<u>2011</u>	<u>2010</u>
		<u>USD</u>	<u>USD</u>
EFG-Hermes Financial Management (Egypt) Limited	Management fees	(784,829)	(638,090)
Directors	Board of Director's fees	25,000	-

12.2 Balances with a related party:

		<u>2011</u>	<u>2010</u>
		<u>USD</u>	<u>USD</u>
(a) <u>Amounts due to:</u>			
EFG-Hermes Financial Management (Egypt) Limited	Management fees	173,076	157,490
		-----	-----

(b) Financial assets at fair value through profit or loss include shares in EFG Hermes Holding at fair value of USD 1,423,142 (March 31, 2010: USD 1,539,135). The unrealised loss on these shares was USD 648,575 as at March 31, 2011 (March 31, 2010: unrealised gain of USD 95,185).

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

13. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:**

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund include financial assets at fair value through profit or loss, other assets and cash at banks.

Financial liabilities of the Fund include accrued fees and other payables and due to a related party.

Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities are set out in Note 3.

Categories of financial instruments

	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Financial assets		
Financial assets at fair value through profit or loss	33,470,033	34,017,676
Other assets at amortised cost (including cash at banks)	6,392,564	1,977,741
	-----	-----
	39,862,597	35,995,417
	=====	=====
Financial liabilities		
Amortised cost	386,248	716,087
	=====	=====

Financial risk management objectives

The Investment Manager provides services to the Fund, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and equity price risk.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

13. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)**

13.1 **CREDIT RISK AND CONCENTRATION OF CREDIT RISK**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location.

To mitigate this risk, the Fund spreads its investments, to the extent possible, over various types of counterparties and products consisting mainly of equity securities in different industries. However, where concentration is inevitable, the Fund takes adequate precautions to reduce this additional risk to acceptable levels.

The credit risk on liquid funds is limited because the counterparty is a bank with good credit –ratings assigned by international rating agencies.

Exposure to credit risk

The management of the Fund believes that the carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk. Recorded financial assets have not been provided as collateral for any facilities.

13.2 **LIQUIDITY RISK**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. It arises because of the possibility (which may often be remote) that the entity could be required to pay its liabilities earlier than expected or reimburse the shareholders as a result of market illiquidity.

The Fund manages liquidity risk by maintaining sufficient cash at banks.

The liquidity profile of financial liabilities reflects the projected cash flows over the life of these financial liabilities. The financial liabilities at March 31, 2011 & 2010 have a maturity of three months or less.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

13. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)**

13.3 **MARKET RISK**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Fund's market risk is managed through diversification of the investments portfolio exposure. The Fund's overall market positions are monitored on a daily basis by the Investment Manager.

The Fund's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange rates and equity price.

13.3.1 **Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Fund is not exposed to interest rate risk as no investments are held with interest bearing bond or securities.

13.3.2 **Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

The Fund's financial assets are denominated primarily in Egyptian Pounds rather than United States Dollars, the functional and presentation currency. The Fund's financial liabilities are primarily denominated in United States Dollars. The Fund is exposed to significant currency risk on the Egyptian Pound since this currency is not pegged to the US Dollar.

The carrying amounts of the Fund's foreign currency denominated financial assets and financial liabilities at the reporting date are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
EGP	38,696,822	32,230,464	201,616	183,031
	-----	-----	-----	-----

Foreign currency sensitivity analysis

The sensitivity analysis includes only outstanding foreign currency denominated monetary items in Egyptian Pound and adjusts their translation at the period end for a 5% change in foreign currency rates with all other variables held constant. 5% represents management's assessment of the reasonably possible change in foreign currency rates. A negative number below indicates a decrease in the income and a positive number indicates an increase in income, where USD strengthens 5% against the Egyptian Pound. For a 5% weakening of USD against the Egyptian Pound, there would be an equal and opposite impact on the result for the year.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

13. **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT: (CONTINUED)**

13.3 **MARKET RISK (CONTINUED)**

13.3.2 **Currency Risk (Continued)**

<u>Currency</u>	<u>March 31, 2011</u> <u>Effect on profit or loss</u> <u>USD</u>	<u>March 31, 2010</u> <u>Effect on profit or</u> <u>loss</u> <u>USD</u>
EGP	(1,924,760) =====	(1,602,372) =====

13.3.3 **Equity Price Risk**

Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual share prices. Equity price risk arises from the change in fair values of equity investments. The Fund manages the risk through diversification of investments, to the extent permissible in the Prospectus, and industry concentration. As at the year ends, the Fund's equity investment were in equities listed on the security market of Egypt.

Equity Price Sensitivity Analysis

The effect on the result for the year (as a result of a change in the fair value of financial assets at fair value through profit or loss at the year ends) presented due to a reasonably possible change in market indices by 10% due to the volatility of the equity markets, with all other variables held constant, is as follows:

<u>Market indices</u>	<u>2011</u>		<u>2010</u>	
	<u>Change in equity</u> <u>price</u> <u>%</u>	<u>Effect on the</u> <u>profit or loss</u> <u>USD</u>	<u>Change in</u> <u>equity</u> <u>price</u> <u>%</u>	<u>Effect on the</u> <u>profit or loss</u> <u>USD</u>
Egypt	+10	3,347,003	+10	3,258,027
United Kingdom	-	-	+10	143,740

There would be an equal and opposite impact on profit or loss, had there been a decrease in equity prices by 10%.

14. **FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors believe that the fair values of financial instruments carried at amortised cost at the reporting dates are not significantly different from their carrying values included in the financial statements.

EFG – HERMES EGYPT FUND LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

14. **FAIR VALUE OF FINANCIAL INSTRUMENTS: (CONTINUED)**

14.1 **Fair value measurements recognised in the statement of financial position**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets at FVTPL are grouped within level 1. Further, there were no transfers between level 1, level 2 and level 3 during the year. There are no financial assets categorised as “available-for-sale” as at the reporting dates. There are no financial liabilities at FVTPL at the reporting date.

15. **NET ASSET VALUE PER SHARE:**

	<u>Net Asset Value</u> <u>USD</u>	<u>Number of Shares</u> <u>in Issue</u>	<u>Net Asset Value</u> <u>Per Share</u> <u>USD</u>
As at March 31, 2011	39,476,349	1,331,103	29.66
As at March 31, 2010	35,279,330	812,548	43.42

The net asset value per share is based on net assets and shares outstanding at the year ends.

**CONDENSED UNAUDITED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED
30 SEPTEMBER 2011**

EFG – HERMES EGYPT FUND LIMITED
BERMUDA

Chairman

Mr. Walid Shash

Directors

Mr. Walid Kaba (Vice-Chairman) (resigned with effect from April 18, 2011)
Mr. Sami Khouri
Ms. May El Hoshy (resigned with effect from October 16, 2011)
Ms. Mai Mounir (appointed with effect from October 16, 2011)

Registered Office

6, Front Street,
Hamilton, HM 11,
Bermuda.

Bankers

HSBC Bank, Egypt
HSBC Middle East Limited, Bahrain
HSBC Bank, Hong Kong

Fund Manager

EFG-Hermes Financial Management (Egypt) Limited

Administrator & Custodian

HSBC Bank Middle East Limited

Auditor

Deloitte & Touche,
P.O. Box 421,
Manama,
Kingdom of Bahrain.

EFG – HERMES EGYPT FUND LIMITED
BERMUDA

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³ The page numbering has been adapted to follow the numbering of this Explanatory Memorandum.

REVIEW REPORT TO THE UNITHOLDERS

EFG – Hermes Egypt Fund Limited,
Hamilton, Bermuda.

Introduction

We have reviewed the accompanying condensed statement of financial position of EFG – Hermes Egypt Fund Limited (“the Fund”) as at September 30, 2011 and the related condensed statement of comprehensive income, condensed statement of changes in net assets and condensed statement of cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Manama, Kingdom of Bahrain
23 January 2012

Deloitte & Touche

EFG – HERMES EGYPT FUND LIMITED
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CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT SEPTEMBER 30, 2011

	<u>Notes</u>	<u>September 30,</u> <u>2011</u> <u>USD</u>	<u>March 31,</u> <u>2011</u> <u>USD</u> <u>(Audited)</u>
ASSETS:			
Cash at banks		6,526,729	6,105,582
Financial assets at fair value through profit or loss	5(a)	27,362,359	33,470,033
Other assets		42,004	286,982
		-----	-----
Total Assets		33,931,092	39,862,597
		-----	-----
LIABILITIES:			
Accrued fees and other payables		451,426	213,172
Due to a related party	6	163,203	173,076
		-----	-----
Total Liabilities		614,629	386,248
		-----	-----
Net Assets attributable to holders of redeemable shares		33,316,463	39,476,349
		=====	=====
ANALYSIS OF NET ASSETS:			
Capital		87,760,107	82,586,676
Net realised loss		(39,982,934)	(32,178,936)
Change in fair value of financial assets at fair value through profit or loss	5(a)	(14,460,710)	(10,931,391)
		-----	-----
Net Assets		33,316,463	39,476,349
		=====	=====
Number of units		1,505,078	1,331,103
		=====	=====
Net asset value per unit		22.14	29.66
		=====	=====

This condensed interim financial information was approved and authorised for issue by the Directors on 23rd January, 2012 and signed on their behalf by:

Mai Mounir
 Director

The attached notes 1 to 9 form part of this condensed interim financial information.

EFG – HERMES EGYPT FUND LIMITED
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CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	<u>Note</u>	<u>Six-Month</u> <u>Period Ended</u> <u>September 30,</u> <u>2011</u> <u>USD</u>	<u>Six-Month</u> <u>Period Ended</u> <u>September 30,</u> <u>2010</u> <u>USD</u>
Revenue			
Dividend income		1,118,989	740,683
Net realised (loss) / gain on financial assets at fair value through profit or loss		(7,828,812)	1,102,663
Net unrealised loss on financial assets at fair value through profit or loss		(3,529,319)	(4,229,083)
Other income		-	833
Net foreign currency loss		(582,127)	(292,431)
		-----	-----
Total operating loss		(10,821,269)	(2,677,335)
Expenses:			
Management fees	7(b)	(352,835)	(376,437)
Administration fees		(20,421)	(21,496)
Custody fees		(20,421)	(21,496)
Board of Directors' fees		(12,500)	-
Other expenses		(105,871)	(60,837)
		-----	-----
Total operating expenses		(512,048)	(480,266)
		-----	-----
Loss for the period		(11,333,317)	(3,157,601)
		-----	-----
Decrease in net assets attributable to holders of redeemable shares		(11,333,317)	(3,157,601)
		=====	=====

The attached notes 1 to 9 form part of this condensed interim financial information.

EFG – HERMES EGYPT FUND LIMITED
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CONDENSED STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	<u>Six-Month Period</u> <u>Ended September</u> <u>30, 2011</u> <u>USD</u>	<u>Six-Month Period</u> <u>Ended September</u> <u>30, 2010</u> <u>USD</u>
Net assets attributable to holders of redeemable shares at the beginning of the period	39,476,349	35,279,330
Issue of redeemable shares	6,520,350	20,794,085
Redemption of redeemable shares	(1,346,919)	(2,320,406)
Decrease in net assets attributable to holders of redeemable shares	(11,333,317)	(3,157,601)
	-----	-----
Net assets attributable to holders of redeemable shares at the end of the period	33,316,463 =====	50,595,408 =====

The attached notes 1 to 9 form part of this condensed interim financial information.

EFG – HERMES EGYPT FUND LIMITED
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CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

	<u>Six-Month Period</u> <u>Ended September</u> <u>30, 2011</u>	<u>Six-Month</u> <u>Period Ended</u> <u>September 30,</u> <u>2010</u>
	<u>USD</u>	<u>USD</u>
Cash flows from operating activities		
Decrease in net assets attributable to holders of redeemable shares	(11,333,317)	(3,157,601)
Adjustments for:		
Net loss on financial assets at fair value through profit or loss	11,940,258	3,418,851
Dividend income	(1,118,989)	(740,683)
	-----	-----
	(512,048)	(479,433)
Changes in operating assets and liabilities:		
Decrease in other assets	257,661	-
Increase in accrued fees and other payables	238,254	1,561,800
(Decrease) / increase in due to a related party	(9,873)	47,730
	-----	-----
Cash (used in) / from operations	(26,006)	1,130,097
Purchase of financial assets at fair value through profit or loss	(23,134,072)	(31,697,543)
Proceeds from disposal of financial assets at fair value through profit or loss	17,301,488	12,370,785
Dividend received	1,106,306	939,056
	-----	-----
Net cash used in operating activities	(4,752,284)	(17,257,605)
	-----	-----
Cash flows from financing activities		
Proceeds from issue of redeemable shares	6,520,350	20,794,085
Payments on redemption of redeemable shares	(1,346,919)	(2,320,406)
	-----	-----
Net cash from financing activities	5,173,431	18,473,679
	-----	-----
Net increase in cash and cash equivalents	421,147	1,216,074
Cash and cash equivalents at the beginning of the period	6,105,582	1,779,368
	-----	-----
Cash and cash equivalents at the end of the period	6,526,729	2,995,442
	=====	=====
Comprising:		
Cash at banks	6,526,729	2,995,442
	=====	=====

The attached notes 1 to 9 form part of this condensed interim financial information.

EFG – HERMES EGYPT FUND LIMITED
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

1. **STATUS AND ACTIVITIES:**

EFG-Hermes Egypt Fund Limited (“the Fund”) is an investment Company incorporated in Bermuda with limited liability for the purpose of providing shareholders with the opportunity of investing indirectly in Egypt. The Fund commenced its activities on August 14, 1996.

The condensed interim financial information represents the assets, liabilities and operations of the Fund only.

The Fund does not have any employees, however, it uses the services of an Investment Manager, an Administrator and a Custodian for the fund management, administration and custody functions.

2. **BASIS OF PREPARATION:**

The condensed interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. For more details, please refer to the audited financial statements for the year ended March 31, 2011.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the financial year ending March 31, 2012.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The condensed interim financial information has been prepared under the historical cost convention except for the valuation of investment securities.

The same accounting policies, presentation and methods of computation are followed in this condensed interim financial information as were applied in the preparation of the Fund’s financial statements for the year ended March 31, 2011, except for the impact of the adoption of the Standards and Interpretations described below:

Standards affecting the disclosures and presentation in the current period

None of the revised Standards that have been adopted in the current period which are effective for annual periods beginning on or after April 1, 2011 have affected the disclosures and presentations in the financial information.

EFG – HERMES EGYPT FUND LIMITED
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011

4. **JUDGEMENTS AND ESTIMATES:**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended March 31, 2011.

5. **FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:**

(a) This caption is composed of the following:

September 30, 2011

	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in fair</u> <u>value</u> <u>USD</u>
Investment in listed shares by sector			
- Financial Institutions	10,769,519	6,990,084	(3,779,435)
- Telecommunication	3,850,860	3,378,200	(472,660)
- Services	878,199	477,069	(401,130)
- Industrial	3,363,463	2,586,762	(776,701)
- Construction	13,009,432	8,272,491	(4,736,941)
- Food	1,692,414	1,354,642	(337,772)
- Real Estate	8,259,182	4,303,111	(3,956,071)
	-----	-----	-----
	41,823,069	27,362,359	(14,460,710)
	=====	=====	=====

March 31, 2011 (Audited)

	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in fair</u> <u>value</u> <u>USD</u>
Investment in listed shares by sector			
- Financial Institutions	13,804,881	11,477,596	(2,327,285)
- Telecommunication	2,811,811	2,643,906	(167,905)
- Services	667,965	607,039	(60,926)
- Industrial	3,859,603	2,951,750	(907,853)
- Construction	11,086,716	8,685,512	(2,401,204)
- Food	565,251	511,111	(54,140)
- Real Estate	11,605,197	6,593,119	(5,012,078)
	-----	-----	-----
	44,401,424	33,470,033	(10,931,391)
	=====	=====	=====

EFG – HERMES EGYPT FUND LIMITED**BERMUDA****NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2011****5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:
(CONTINUED)**

- (b) Investments in securities are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on the investments through trading gains. The fair value of these securities are based on quoted market prices of the relevant exchanges. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value. The Investment Manager manages market illiquidity by making sure that all new purchases of the Fund have an average daily traded value exceeding US\$ 500,000 for the preceding six month period.

6. DUE TO A RELATED PARTY:

	<u>September 30,</u> <u>2011</u> <u>USD</u>	<u>March 31,</u> <u>2011</u> <u>USD</u> <u>(Audited)</u>
EFG-Hermes Financial Management (Egypt) Limited		
- Management fees	163,203	173,076
	=====	=====

7. RELATED PARTY TRANSACTIONS:

EFG-Hermes Financial Management (Egypt) Limited, the Investment Manager, is the sponsor of the Fund. The following transactions occurred between the Fund and EFG-Hermes Financial Management (Egypt) Limited:

	<u>September 30,</u> <u>2011</u> <u>USD</u>	<u>March 31,</u> <u>2011</u> <u>USD</u>
(a) Investment in financial assets at fair value through profit and loss	-	1,423,142
	=====	=====
	<u>Amount Earned / (Incurred)</u>	
	<u>Six-Month period</u> <u>ended</u> <u>September 30,</u> <u>2011</u> <u>USD</u>	<u>Six-Month period</u> <u>ended</u> <u>September 30,</u> <u>2010</u> <u>USD</u>
(b) Management fees	(352,835)	(376,437)
(c) Unrealised loss on financial assets at fair value through profit or loss	-	(89,984)
(d) Realised loss on sale of financial assets at fair value through profit or loss	(831,539)	-
(e) Dividend income	-	157,572
	=====	=====

EFG – HERMES EGYPT FUND LIMITED
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR
THE PERIOD ENDED SEPTEMBER 30, 2011

8. BUSINESS AND GEOGRAPHIC SEGMENTS:

The Directors are of the opinion that the Fund is engaged in a single segment of business, being investments in equity securities issued by companies operating and generating revenue in Egypt, and therefore no further segmental reporting has been provided.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors believe that the fair values of financial instruments recorded at amortised cost at the reporting dates are not significantly different from their carrying values included in the financial information.

9.1 Fair value measurements recognised in the statement of financial position

Financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets at FVTPL are grouped within Level 1. There are no financial assets categorised as "available-for-sale" as at the reporting date.

There are no financial liabilities at FVTPL at the reporting date. Further, there were no transfers between Level 1, Level 2 and Level 3 during the period.