

Fund Manager's Strategy & Outlook

The Fund ended the year with a stellar performance returning 5.8% for the month of December and bringing its year to date returns to 8.5%. December returns closed the gap with the index which ended the year up 9.4%.

Orascom Telecom (OT) still managed to dominate the market with the much anticipated Vimplecom board meeting. The Vimpelcom board of directors authorized its CEO to negotiate further with OT's holding Weather Investments on the terms and conditions under which Weather "would be willing to enter into a revised transaction". This decision came after opposition from Vimplecom's Norwegian shareholder Telenor, preventing it from approving a shareholder agreement. The news came as no surprise to the market and participants are still eyeing the Djezzy conflict as OT's catalyst for further price movements. The Algerian government announced by the end of December that it has appointed the American law firm Curtis-Mallet-Prevost-Colt & Mosle LLP for a valuation of Djezzy, given a period of three months to come with a final value for OT's unit.

On the construction side, Orascom Construction Industries (OCI) was one of four groups the Moroccan government selected out of 19 bidders for the construction of the first phase in a 500 Megawatt solar energy project in the country's southern area. The project is expected to launch in 2011 and is planned to reach its operational target by 2015. On the banking front, Commercial International Bank (CIB) and National Bank of Egypt joined National Societe General Bank (NSGB) to participate in a syndicated loan worth EGP2 billion for Mobinil to finance the company's future expansions.

November inflation figure reached its lowest in five months standing at 10.2% year-on-year, while core inflation accelerated to reach 8.6% year-on-year for the same month. GDP growth rate for Q1 FY2010/2011 came in at 5.5%, in line with market consensus and paving the way for a 6% growth rate at the end of the fiscal year.

Given the optimistic economic backdrop and corporate earnings, the investment manager is positive on the coming period. The investment manager will add to high conviction plays on market dips and position the Fund to benefit from the much anticipated global recovery.

EFG-Hermes Asset Management

Tel: +20 2 35356 528 / Fax: +20 2 3537 0924
E-mail: AMsales@efg-hermes.com

Objective

The principal objective of the fund is long term capital appreciation through investing in Egyptian equity and equity-related securities.

Fund Performance

Returns		Egypt Fund
Month to Date		5.8%
2010		8.5%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 42.31
Launch Date		August, 1996
Listing		Irish Stock Exchange
Structure		Open Ended
Management fee		1.75%
Minimum Subscription		USD 10,000
Subscription/Redemption		Monthly

Fund Identifiers

ISIN		BMG2948Y1093
Sedol		0-306-504
Reuters Code		LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15
Bloomberg Ticker		EFGHEGY BH

Fund Characteristics

No. of Holdings		23
Beta		1.03
Sharpe Ratio		0.27

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	18.2%
Orascom Telecom	TMT	10.5%
Commercial International Bank	Banking	9.2%

Allocation By Economic Sector

