

Fund Manager's Strategy & Outlook

The Fund closed the month of February relatively flat with a return of 0.9%, bringing its YTD returns to 8.9%, while the market's return during the month was 0.4 %, and year-to-date returns of 8.2%. Volumes traded in the market slowed down slightly from their January levels.

The market witnessed a wave of announcements of financial results that presented no major surprises or deviations from analysts' consensus while mostly showing robust year-on-year growth in earnings and a return to the expansion mode for most. SODIC's rights issue was concluded successfully and the company plans on embarking on an EGP 1.6bn investment plan using the cash raised. Orascom Construction Industries (OCI) also announced the closing of a joint-venture deal awarding it the first Public Private Partnership concession to construct and operate the New Cairo Waste Water Treatment Plant with an EGP 2.6bn value over the 20-year concession. The contract marks a new growth potential and a willingness by the government to expand its dependence on PPPs in infrastructure projects which should benefit several key players in the market.

On the economy's front, the government announced a revised economic growth figure for the second quarter of the 2009/2010 fiscal year, which came at 5.1% year-on-year vs. an initial estimate of 4.7%. The announcement came as the government announced its expected GDP growth for the fiscal year to be 5.5%. The government also announced the first quarterly current account surplus in more than a year as the trade balance narrowed, with lower imports and a growth in export figures, and quarterly tourism revenues showed improvement. On the other hand, the budget deficit widened to 4.9% of GDP and expected to widen further, as the government's revenue from external grants is expected to fall and the fiscal expansion continues. While Suez Canal revenues posted a 15% y-o-y growth in January, higher expenditure is expected to sustain the deficit. The government announced that core inflation came at 7.4% year-on-year in January, up from 6.9% a month earlier.

The Fund Manager remains optimistic about the prospects of the market direction and fundamentals with the positive outlook on the economy, the real estate market, and sustained infrastructure and construction spending.

Hashem Montasser – Managing Director

Dalia Shafik – Fund Manager

Mai Mounir – Vice President

Tel: +20 2 33318 228 / Fax: +20 2 33362 298

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		0.9%
Year to Date		8.9%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 42.46
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		20
Beta		0.99
Sharpe Ratio		0.46

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Contracting	17.7%
Orascom Telecom	TMT	14.8%
Commercial International Bank	Banking	10.5%

Allocation By Economic Sector

