

Fund Manager's Strategy & Outlook

The market took a heavy beating during the month of July on the back of continued street instability amid subdued market activity, with the average daily turnover dropping to USD71 million versus a 3 month average of USD96 million. The fund lost -7.40% during the month of July bringing its year to date performance to -35.24%.

The market saw mixed news flow from companies during the month as well. Orascom Construction Industries (OCI) was awarded infrastructure works valued at USD450 million through its Saudi incorporated subsidiary. Citadel Capital released its Q12011 results reporting a widened net loss of EGP111.3 million and revenues of negative EGP48.1 million due to recognizing negative EGP63.6 million in revenues as Citadel Capital's share of the net losses of its associates. On the other hand the company's assets under management grew 11% year-on-year standing at USD4.1 billion. The company has also announced its plans to open three new factories through its platform companies by the end of 2011 at a combined investment cost of EGP1 billion. Furthermore, the Egyptian Financial Supervisory Authority has approved the company's proposed capital increase of USD175 which will be done through issuing 210 million shares within two month from the date of approval.

On the economic front, as expected, foreign direct investments fell by 75.1% quarter-on-quarter in 1Q2011 standing at USD163.6 million. Headline inflation remained stable at 11.8% year-on-year in June same as in May, meanwhile core inflation inched up to 8.9% year-on-year in June from 8.8% year-on-year in May. On a separate note, Egypt's net international reserves reached USD26.6 billion by the end of June 2011 after shedding USD659 million during the month and thus recording its lowest level since April 2007. Furthermore, tourism arrivals declined by 30% year-on-year during June 2011 versus a 35% annual decline in May and a 60% annual decline in both February and March 2011.

Market volatility still dominates the scene creating trading opportunities on the short-term. The Fund is positioned to benefit from market dips while maintaining long-term core positions in high conviction ideas.

EFG-Hermes Asset Management

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Objective

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

Fund Performance

Returns		Egypt Fund
Month To Date		-7.4%
Year To Date		-35.2%
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 27.4
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		17
Beta		0.79
Sharpe Ratio		0.13

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	20.2%
Commercial International Bank	Banking	15.4%
Talaat Mustafa Group	Real Estate	10.4%

Allocation By Economic Sector

