

Fund Manager's Strategy & Outlook

The market witnessed mixed news throughout the month of June which was reflected in increasing volatility. Higher market activity during June increased the average daily turnover to USD112 million versus a 3 month average of USD84 million with the bulk of trading coming from local investors. The fund lost -2.41% during the month of June bringing its year to date performance to -30.06%.

Company announcements during the month include Telecom Egypt reporting its 1Q2011 results with an annual decline of 4% and 10.1% in revenues and net income respectively. EBITDA margin was the main positive highlight for the quarter reaching 53% on the back of strong operational performance in addition to high interest income and a provision reversal. Citadel Capital was in the limelight during the month owing to rumors relating to acquisition offers on the company. The company also reported its fourth quarter results which were negatively impacted by asset write downs on the company's energy investments. Sidi-Kerir Petrochemicals Company shareholders announced the approval of the acquisition of a 20% stake in Egypt Ethylehe Company. The new company will establish a new petrochemical project at an estimated cost of USD1.4 billion. On the banking front, Commercial International Bank (CIB) had participated in a syndicated loan worth USD250 million to Egyptian Indian Polyester Company for the construction of a plant in the Suez Gulf. Talaat Moustafa Group (TMG) case hearing was postponed to October 2011 with recommendation from Egyptian advisory panel that the court reject the lawsuit to scrap the Madinaty contract.

On the economic front, the country's real GDP contracted by 8.6% quarter-on-quarter as at March 31st 2011, owing to quarterly contraction in significant economic sectors primarily in tourism, transportation, construction and manufacturing sectors. Furthermore, the government reduced its budget deficit goal for FY 2011/2012 from previously announced 11% to 8.6% of GDP. Headline Inflation decelerated to 11.8% year-on-year in May from 12.1% year-on-year in April driven by monthly declines in food prices while core inflation inched up to 8.8% year-on-year for the same period. On a separate note, Egypt has signed its first MoU with Saudi Arabia regarding an aid package worth USD4 billion in the form of loans, grants and development projects.

As market volatility persists, the fund manager opportunistically positions the Fund to benefit from trading opportunities keeping a core position for long-term capital appreciation.

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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		-2.4%
Year To Date		-30.1%
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 29.59
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		18
Beta		0.79
Sharpe Ratio		0.14

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	19.7%
Commercial International Bank	Banking	15.7%
Talaat Mustafa Group	Real Estate	11.6%

Allocation By Economic Sector

