

Fund Manager's Strategy & Outlook

The month of May brought back high correlation to international markets, negatively affecting local market's sentiment and weighing on the Fund's performance to wipe most of its YTD gains. The Fund recorded negative returns of 12.9% for the month of May bringing its YTD returns back to 4.1% compared to 0.5% for the HFI.

Telecoms stocks led by Orascom Telecom (OT), grabbed market's attention one more time and continued to dominate the scene amid heightened expectations over M&A talks. The month began with news that the Algerian government intends to revive talks with OT and showed its intent to negotiate a deal with the Telecom operator. By month end, and while OT announced that it is still in talks with MTN over the sale of some assets, the company's management sent an invitation to the Algerian government officially inviting the latter to participate in the sale of Djazzy.

On the local front Vodafone International announced its intention to sell its Egyptian operation. Talk rose over a possible full acquisition by Telecom Egypt (TE), transforming it into and fully integrated telecommunications company. Simultaneously, OT announced its intent to acquire Vodafone Egypt; an announcement that was quickly negated by the Egyptian regulatory authority.

On the economic front, Egypt's GDP growth accelerated to 5.8% during 3Q FY 2009/2010 from 5.1% in the previous quarter of the fiscal year, mainly on the back of higher than expected growth in Suez Canal and Tourism revenues. Inflationary pressures remained subdued and accordingly the Central Bank of Egypt (CBE) left policy rates unchanged during its meeting held early May 2010. Headline inflation fell in April to 11.3% year-on-year in from 12.2% year-on-year in March; simultaneously core inflation fell to 6.6% from 7.0% year-on-year in March.

Over the coming period the Investment Manager is expecting increased market volatility and sharp movements on the back of contagion fears and negative sentiments. The fund will be positioned to best benefits from big movements and will trade the volatility of the market.

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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 | | -12.9% |
| Year to Date | | 4.1% |
| 2009 | | 12.8% |
| 2008 | | -46.2% |
| 2007 | | 61.9% |
| 2006 | | 8.6% |
| 2005 | | 130.7% |
| 2004 | | 113.1% |

Fund Information

| | | |
|-------------------------|--|----------------------|
| NAV per share | | USD 40.61 |
| 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 | | 19 |
| Beta | | 1.02 |
| Sharpe Ratio | | 0.27 |

Top Holdings

| Holding | Sector | % Holding |
|---------------------------------|-------------|-----------|
| Orascom Construction Industries | Contracting | 18.3% |
| Orascom Telecom | TMT | 15.2% |
| Commercial In't Bank | Banks | 7.20% |

Allocation By Economic Sector

