

### Fund Manager's Strategy & Outlook

The market showed increased volatility during the month of April 2012 as we head towards the presidential elections. The market was affected by mixed news on both the political and economic scenes; however, the fund continued to outperform the market after showing a monthly return of 1.8% bringing its year to date performance to 34.0%.

The market witnessed mixed news on the corporate front during the month as well. Orascom Construction Industries (OCI) has finalized its first agreement in Iraq after signing a USD363mn contract with the Iraqi government to build a power station in the northern side of the country over the coming two years. On a separate note, OCI has finally received an approval from the Egyptian Financial Supervisory Authority (EFSA) to call for an EGM to approve the demerger of the company's construction business from its fertilizers business. The proposed demerger will have the construction business owned by a new company called Orascom Engineering & Construction and will keep the fertilizers business owned by the company which will be renamed OCI Fertilizers. On the Telecom front, the Algerian government confirmed Orascom Telecom's "Djezzy" valuation of USD6.5bn which was announced a month earlier, however, the country's finance minister stated that the deal may take several months before being finalized due to the ongoing negotiations between the government and Vimpelcom. Moreover, the company announced entering into arbitration against the Algerian government regarding the legal actions taken against the company since 2008 ending with the recent USD1.3bn fine.

On the economic front, Egypt's external debt reached 13.3% of GDP down to USD33.7bn as of December 2011 compared to USD35bn in December 2010 which shows the government's ability to continue paying its debt obligation. Net international reserves exhibited a slow depletion rate after shedding USD0.6bn only in March 2012 to reach USD15.1bn. Furthermore, Saudi Arabia announced that the USD2.7bn support package has been agreed upon and the country will deposit USD1bn with the Central Bank of Egypt (CBE). Annual headline inflation slightly declined to 9% in March 2012 from 9.2% February 2012 due to lower increase in food prices. It is worth mentioning that tourism arrivals increased by 30% year-on-year during the first quarter of 2012 and is expected to reach 2010 levels in 2012; subject to political stability after the presidential elections.

Power struggle was witnessed among political parties during the month causing tension on the political scene. Nevertheless, the fund manager was able to increase exposure during the market's intra-month drop and is currently cautiously optimistic over the coming period with presidential elections nearing.

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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	1.8%
Year to Date	34.0%
2011	-53.6%
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 26.33
Launch Date	August, 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Minimum Subscription	USD 10,000
Subscription/Redemption	Weekly

### 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	0.80
Sharpe Ratio	0.05

### Top Holdings

Holding	Sector	% Holding
Telecom Egypt	Telecom.	12.8%
Orascom Construction Industries	Construction	12.5%
Commercial International Bank	Banking	10.4%

### Allocation By Economic Sector

