

Fund Manager's Outlook

Most global markets fell victim to a strong wave of bearish sentiment as volumes thinned due to the summer season and buyers shyed away awaiting a bottom. In tandem, regional markets were gripped with the same sentiment as emerging market funds started liquidating positions across the GCC and North African markets. The Egypt fund lost 11.2% this month with the oil services and basic materials sectors being the most hit as oil prices declined from a peak of \$147/barrel as commodities unwound their recent price gains.

On the corporate front, second quarter results exceeded analyst expectations across sectors with one of the Fund's top holdings, Orascom Construction Industries (OCI), posting one of the most impressive results. The company had very strong second quarter performance with net income from continuing operations advancing 220% year-on-year to a record EGP 1.3 billion. Consolidated revenue grew 57% to EGP 5.5 billion driving a 146% rise in EBITDA and a 9.2% expansion in consolidated EBITDA margin to 25.5% versus 16.3% in Q2 2007. It is noteworthy to mention that consolidated backlog reached a record USD 7 billion, reflecting growth of 49% over the backlog as of end of December 2007 and 103% increase year-on-year.

Commercial International Bank (CIB) announced a strong set of second quarter results with normalized consolidated net income growing by 109% year-on-year to EGP 521 million. Operating profit jumped 71% with revenue growing 60% on the back of a 45% increase in net interest income.

The Investment Manager has reduced exposure to Orascom Telecom (OT) in August wary of the company's strategic outlook and direction. The company announced disappointing second quarter results in early September as a result of inflationary pressures across its markets.

On the macro-economic level, the preliminary indicators of the fiscal year ending June 30th, 2008 were released with GDP growth coming in at 7.2% (versus 7.1% in previous year) and budget deficit contracting to 6.8% (down from 9.6% in 2005).

As a final note, the Fund's AGM, which was held in late August, has approved several amendments to the Fund's investment guidelines that will enable the Investment Manager to reposition funds in light of constantly changing and volatile market dynamics with an ultimate aim of enhancing investors returns.

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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 | -11.2% |
| Year to Date | -19.6% |
| 2007 | 61.9% |
| 2006 | 8.6% |
| 2005 | 130.7% |
| 2004 | 113.1% |

Fund Information

| | |
|-------------------------|----------------------|
| NAV per share | USD 51.70 |
| 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 |

Fund Characteristics

| | |
|-----------------|------|
| No. of Holdings | 18 |
| Beta | 0.78 |
| Sharpe Ratio | 1.05 |

Top Holdings

| Holding | Sector | % Holding |
|-------------------------|-------------|-----------|
| Maridive Oil & Services | Logistics | 11.0% |
| OCI | Diversified | 8.5% |
| Orascom Telecom | TMT | 7.0% |

Allocation By Asset Breakdown

