

Fund Manager's Strategy & Outlook

The market witnessed a positive thrust during the month of August in a volatile upward trend which coincided the usually-slow month of Ramadan. The positive momentum came on the back of appointing two new senior military leaders ending the overhang of power struggle in addition to renewed talks over the IMF loan which helped revive market activity. The fund delivered strong results with monthly returns of 10.2% in August outperforming the HFI index by 0.6% and bringing its year to date performance to 45.2%.

The market saw a flow of company results announcements during the month of August 2012. The banking sector delivered positive and strong results for 2Q2012 with Commercial International Bank (CIB) net profit growing by 18% year-on-year reaching EGP523 million on the back of improved net interest income as well as higher trading and investment income. National Societe Generale Bank (NSGB) also reported strong results for 2Q2012 as the net income for the bank reached EGP436 million showing a year-on-year growth of 18%. The income growth for the bank was driven by solid growth in loans, net interest income, in addition to lower operating costs. On the real estate front, Talaat Mostafa Group (TMG) announced 2Q2012 results exhibiting strong improvement in the company's pre-sales which reached EGP1.34 billion during the quarter. Total revenues for the group reached EGP1.09 billion while net income reached EGP155 million.

On the economic front, net international reserves increased during August 2012 by USD705 million reaching USD15.1billion. The increase in net international reserves was due to some improvements in the country's economic activity as well as the deposit of USD500 million from Qatar as the first tranche of a USD2 billion aid package to support the economy which was announced during the month. It is worth mentioning that Egypt has officially requested a USD4.8 billion loan from the IMF up from previous talks of USD3.2 billion and is aiming to finalize the deal before the end of the year. Furthermore, the country was able to secure new investments worth of USD4.9 billion during the president's recent visit to China. Annual headline inflation declined reaching 6.4% in July compared to 7.2% in June as food prices continued its decelerating trend.

The fund manager will maintain his cautiously optimistic view about the market during the coming period. Equity exposure for the fund will remain at current levels while the fund manager will be trading the market on the short term through reshuffling from rallied stocks to high beta names.

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		10.2%
Year to Date		45.2%
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 28.53
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		21
Beta		0.81
Sharpe Ratio		0.12

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	16.9%
Telecom Egypt	Telecom.	15.5%
Commercial International Bank	Banking	14.3%

Allocation By Economic Sector

