

Despite the heavy correction witnessed in the Egyptian market during the month of February, your fund recorded year-to-date returns of 12.8% after shedding 10% this month. The manager believes this sell-off sentiment will be short-lived, given the healthy economic environment and the strong corporate fundamentals and earnings prospects. The correction wave and the ensuing sideways movement have provided us with attractive entry points in companies that we continue to overweight; primarily domestic plays that are to reap the fruits of recovery in consumer spending.

Your banking stocks, led by Commercial International Bank (CIB), held ground over the month, despite the selling pressure sweeping through the other sectors of the market. The CIB announced its 2005 results, which came in line with our forecasts, recording EGP 610 million, a 21% increase year-on-year. Net interest income grew 26% to EGP 896 million compared to EGP 709 million in 2004, while non-interest income grew 12% to EGP 554 million compared to EGP 495 million.

In addition, the steel stocks outperformed the market during the month owing to news of Ezz Steel Rebars (ESR) increasing its stake in Alexandria Iron & Steel (ANSDK) to 51% through a share swap in a newly issued capital increase of 87.9 million shares at ESR. It is noteworthy to mention that ANSDK released its unaudited 2005 results, in which the company's net profit came in at EGP 2.4 billion, a 72% year-on-year increase.

Your top holding, Orascom Telecom (OT) continued to announce news relating to its regional expansions with the commencement of the second fixed line operation in Algeria, a 50/50 consortium between OT and Telecom Egypt. This represents the first fixed line operation in OT's case, and the first foreign fixed line operation in Telecom Egypt's history.

The second top holding of the fund, Orascom Construction Industries (OCI), announced the signing of an agreement with the Algerian state-owned oil & gas company, Sonatrach, to participate in the establishment of a greenfield ammonia/urea plant with investment cost amounting to US\$ 746 million. In light of these expansions, OCI announced a rights issue to raise EGP 2.3 billion which is set to finance the company's acquisitions in the cement and fertilizers sectors.

Objective

The principal objective of the fund is long term capital appreciation through investing in Egyptian equity and equity related securities.

Fund Information

NAV per share	USD 41.84
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

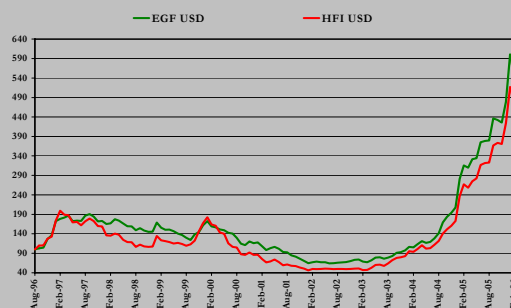
Investment Information

Minimum Subscription	USD 10,000
Minimum Subsequent Subscription	USD 10,000
Subscription/Redemption	Monthly
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15, MLSV
ISIN Code	BMG2948Y1093

Fund Performance

Trailing Returns		Risk Overview	
YTD	12.8%	No. Years ▲	7
1 Month	-10.1%	No. Years ▼	3
3 Months	26.8%	Best Yr ▲	130.7%
1 Year	71.0%	Worst Yr ▼	-39.2%

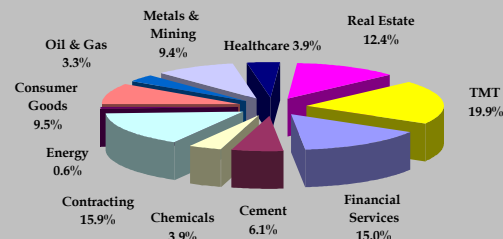
EGF Relative Performance



Top 3 Holdings

Holding	% Holding
Orascom Telecom	17.2%
OCI	14.7%
El Ezz Steel Rebars	5.8%

Sector Allocation



This update does not constitute an offer of shares and should not be relied upon by any person acquiring or otherwise dealing in shares of the company. Subscription of shares in the company may only currently be made on the terms of the Placing Memorandum of the company. It should be noted that investment in the fund is only suitable for sophisticated investors who are aware of the risks of investing in The EFG-Hermes Egypt Fund Limited and should be regarded as long term. Please remember that past performance is not necessarily a guide to the future. Market and currency movements may cause the value of shares and the income from them to fluctuate and you may get back less than you invested when you decide to sell your share.

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