

The EFG-Hermes Egypt Fund January 31, 2008

Fund Manager's Strategy & Outlook

The EFG-Hermes Egypt Fund lost 3% in January on the back of a bearish month for global markets. Concerns of a possible recession in the US spilled over to the international and regional markets causing a pronounced mid month sell-off. In an attempt to mitigate the deterioration of the US economy, the Federal Reserve cut interest rates in the most aggressive move since the 1980s by a total 125 bps during January, causing a mild recovery in the second half of the month.

Positive announcements impacted selective stocks despite the global sell-off, with Egyptian Kuwaiti Holding (EK) taking the lead, gaining 20% during the month and consequently adding 1% to the Fund's NAV. EK's 77% owned subsidiary Tri Ocean Energy in partnership with BP Egypt, made a significant oil discovery in the Suez Gulf. Production capacity of 10,000 barrels per day is expected.

The Fund's largest holding, Orascom Telecom (OT), entered a new untapped emerging market, with a population exceeding 23 million and no mobile penetration. The global telecom player has been granted the first commercial license to provide mobile services in North Korea. The 25 year license includes a 4 year exclusivity period. OT will own 75% of the license and the balance will be held by the Korean Post and Telecommunications Company. OT intends to invest up to US\$400 million in network infrastructure and licensing fees during the first three years of deploying the network.

Mobinil announced solid end of year results, maintaining its leading position in terms of subscribers. Bottom line grew by 20% to reach EGP1.8 billion on the back of a 29% rise in revenues which stood at EGP8.2 billion. The leading mobile operator added a record 5.8 million subscribers during the year, bringing its total subscriber base to 15.1 million.

In the real estate sector, Nasr City Housing and Development announced that it will establish a joint project with New Cairo for Real Estate Investments to develop 1.7 million sqm plot of land on Nasr Gardens. Nasr City Housing will contribute the land in the joint venture while New Cairo for Real Estate Investments will be financing the development costs. Nasr City Housing's share of the project's revenues will amount to 61% while the total estimated cost of the project is EGP5.8 billion.

The Investment Manager remains positive on the Egyptian market and will continue to take advantage of the recent increase in volatility in order to benefit from any pricing inefficiencies in the market.

Hashem Montasser – Managing Director

Dalia Shafik – Fund Manager

Mai Mounir – Assistant Vice President
Tel: +2 02 33318 228 / Fax: +2 02 33362 298
e-mail: mmounir@efg-hermes.com

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	-3.0%
Year to Date	-3.0%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 62.37
Launch Date	August, 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG2948Y1093
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15

Fund Characteristics

No. of Holdings	20
Beta	0.78
Sharpe Ratio	1.48

Top Holdings

Holding	Sector	% Holding
OT	TMT	10.4%
SODIC	Real Estate	9.2%
OCI	Contracting	8.5%
CIB	Banking	8.1%
EK Holding	Investments	7.1%

Allocation By Economic Sector

