

### Fund Manager's Strategy & Outlook

The market showed a stellar performance during the first month of 2012 after peaceful progress of parliamentary elections and renewed talks of international financial assistance. The fund delivered impressive results during the month recording returns of 21.27%. Towards the end of the month, daily turnover reached a high of USD108 million versus three month average of USD41 million.

Positive news was evident on the corporate front as well. Index heavy weight Orascom Construction Industries (OCI) announced its participation in three Saudi contracts worth SAR2.3 billion (USD613 million) for construction works of the largest railway project in Saudi. The company announced participation in the project through its BESIX subsidiary which is contributing 50% of the contract's value, thus, increasing the company's backlog by USD153 million. On the telecom front, Telecom Egypt approved an extra cash distribution of EGP0.3 during its OGM held January 2012 for FY2010 profits. Furthermore, the company announced having a very strong liquidity position currently standing at EGP5.8 billion despite the country's economic situation during 2011. Orascom Telecom Holding was given the approval by the Egyptian Stock Exchange and the Egyptian Financial Supervisory Authority for the listing of Orascom Telecom Holding and Orascom Telecom Media and Technology; both companies started their trading activities by the end of January 2012. Furthermore, the Algerian Ministry of Finance has signed a non-binding memorandum of understanding with Vimpelcom for the anticipated sale of Orascom Telecom Algeria (Djezzy). The Algerian government announced its intention to sign a purchasing agreement before the end of 2Q2012; however, both parties are currently in the process of evaluating "Djezzy".

On the economic front, annual headline inflation continued its acceleration reaching 9.6% in December 2011 due to continued rise in food prices while core inflation showed a slight increase reaching 7.1% year-on-year. On a separate note, the long awaited IMF loan is now in final stages. The IMF loan amounts to USD3.2 billion with a borrowing rate of 1.1% aiming at supporting the country's widened budget deficit. In addition, Egypt signed a USD200mn soft loan agreement with the World Bank to finance the second phase of the integrated waste water infrastructure project.

After taking the first steps towards a more stabilized political scene, the fund manager gradually increased equity exposure while maintaining a smaller cash cushion to utilize short term trading opportunities.

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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		21.3%
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 23.83
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
Bloomberg Ticker		EFGHEGY BH

### Fund Characteristics

No. of Holdings		15
Beta		0.80
Sharpe Ratio		0.02

### Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	11.63%
Orascom Construction Industries	Construction	11.18%
Telecom Egypt	Telecom.	7.85%

### Allocation By Economic Sector

