

We are pleased to announce a 12% increase in your Fund's returns during July 2006. The Fund's performance is supported by a healthy economic environment which is reflected on the different sectors and thus on companies' fundamental valuations. Your Fund is still trading at an attractive PE06 of 9.4x with an expected EPS growth of 25% in 2007.

The market celebrated the successful sale of the third mobile license and the first 3G license at the beginning of the month worth US\$2.9 billion; the highest Greenfield value in the MENA region. The deal promotes international investors' confidence in the Egyptian economy and paves the way for further successful sales. The upcoming agenda holds the sale of Alexandria Mineral Oils Company (AMOC), with 13 local, Arab and international consortia already conducting their due diligence on the company. Also in the pipeline for this year is the sale of Bank of Alexandria, one of Egypt's four state owned banks. This comes in line with our expectations of a sharp increase in FDI's over the coming two years. FDI's reached their all time high of US\$5 billion in 2005 compared to a modest US\$40 million two years prior.

The telecom sector benefited the most from the sale of the third mobile license at this high price, as the price implied better valuations for existing telecom stocks. The deal's multiples highlight a revaluation of the upside potential of your Fund's investments in the sector; reaching more than 50% for Orascom Telecom (OT), your Fund's largest holding. OT was also the Fund's top contributor to returns this month, adding 2.6% to the Fund's performance as its price appreciated by 14.4%. The regional telecom operator currently trades at a PE06 of 12.4x.

The much awaited mortgage law has seen some serious developments over the past month. The implementation of the law will positively affect sectors such as Cement, Steel, Construction, Real Estate and Housing, as well as Consumer Goods. As your Fund is well positioned throughout these sectors, combined they have contributed 5.5% to this month's returns. With the final implementation of the law expected in August 2006 we anticipate further positive impact on the Fund over the coming period.

Regional tourism and leisure hub, Orascom Hotels and Development (OHD) was also among the Funds' positive contributors this month, adding 1% to returns. Not missing the market's rise, OHD share price gained 20.6% particularly after announcing the establishment of the third mortgage company. The move comes in line with the company's diversification strategy, in addition to capitalizing on the forthcoming real estate boom in the local market.

We foresee some volatility in the market's performance over the coming period. Accordingly, we believe that companies with strong fundamental valuations will benefit the most in the coming period and will serve as a low risk investment to your Fund. As our investment policy has always been stressing on fundamental valuation, the structure of your Fund will target the main beneficiaries of the current and upcoming economic events.

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 32.58
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

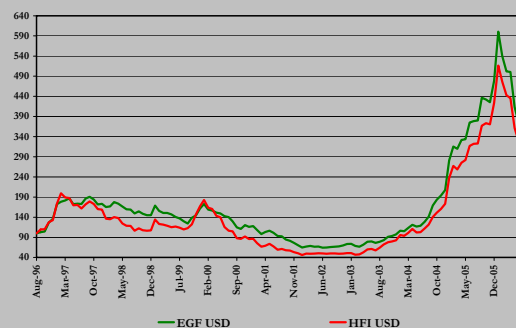
Investment Information

Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFME1, ABNFUNDS15, MLSV
ISIN Code	BMG2948Y1093

Fund Performance

Trailing Returns		Risk Overview	
YTD	-11.9%	No. Years ▲	7
1 Month	12.0%	No. Years ▼	3
3 Months	-15.6%	Best Yr ▲	130.7%
1 Year	10.9%	Worst Yr ▼	-39.2%

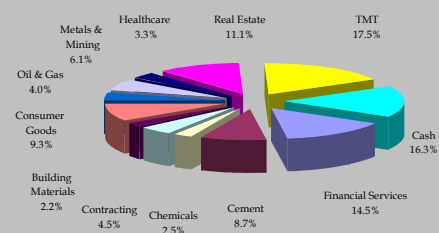
EGF Relative Performance



Top 5 Holdings

Holding	% Holding
Orascom Telecom	16.1%
Commercial International Bank	7.4%
Misr Beni Suef Cement	5.7%
Orascom Hotels & Development	5.2%
El Ezz-Dekheila Iron & Steel	4.6%

Asset 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.

ENQUIRIES:

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