

The EFG-Hermes Egypt Fund

June 30, 2007

Dear Shareholder

You have gained 20% on your investments during the first six months of this year. During the month of June 2007, the fund earned a return 3.7%, as opposed to a return of 0.5% of the broad-based market index, HFI.

Continuing their rally, real estate stocks occupied centerstage owing to several positive announcements and strong first quarter results. The real estate sector added 2.4% to your NAV for the month of June.

The strongest first quarter results came from your holding, Orascom Hotels & Development (OHD), which reported an increase in net income by 114% year-on-year. With a total land bank of 115.1 million sqm and only 12.5 million sqm developed, OHD is poised for further growth, since we expect 2007 and 2008 to be two of the most successful years for the company. This is mainly due to the operation of important projects both in Egypt and the region; Budget Housing (Egypt) sales are expected to begin during third quarter 2007 and Ras Al Khaima (UAE), the Cove project operational by the second quarter of 2008.

Another positive announcement came from the real estate player, Sixth of October for Development & Investment Company (SODIC), reporting net profit for the first quarter of 2007 of EGP 50 million compared to a net loss of EGP 2 million for the same comparable period last year, clearly benefiting from the real estate boom with expectations for further growth. SODIC has recently launched a new project which is the talk of the town, Allegria. It is spread over 2.4 million sqm of land from a total land bank of 5 million sqm West and East of Cairo. The first phase, which constitutes 50% of the total project is already sold out and the launch of the second phase is expected to be as huge of a success as the first.

As expected, the domino effect of the real estate boom is starting to kick in, with building material and consumer goods stocks witnessing price appreciations. Both sectors added 1.2% to your NAV. El Sewedy Cables, which rallied by more than 47%, announced the establishment of the Red Sea Copper Company for the production of pure copper with a capacity of 300 thousand tons per annum, with an estimated investment cost of US\$ 850 million. El Sewedy Cables will own 74% of the project, while the remaining 26% will be owned by Swiss-based Glencore International AG.

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ASSET MANAGEMENT FACT SHEET

Objective

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

Fund Performance

Trailing Returns		Risk Overview	
YTD	20.2%	No. Years ▲	8
1 Month	3.7%	No. Years ▼	3
3 Months	11.0%	Best Yr ▲	130.7%
1 Year	66.6%	Worst Yr ▼	-39.2%

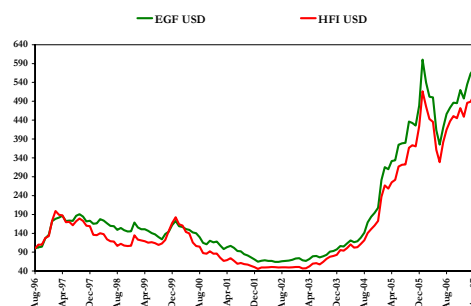
Fund Information

NAV per share	USD 47.99
Launch Date	August 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Incentive fee	None
Benchmark	None

Investment Information

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

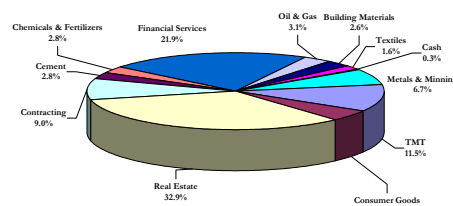
Fund Relative Performance



Top Holdings (%)

Holding	% of NAV
SODIC	11.3%
Orascom Telecom (OT)	10.5%
El Watany Bank of Egypt	9.3%
Orascom Construction Industries (OCI)	9.0%
Orascom Hotels & Development (OHD)	7.6%

Asset Allocation



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