

Fund Manager's Strategy & Outlook

During the month of June, the country completed a significant step of its political transition into a democratic state after choosing its first freely elected president. Nevertheless, the market witnessed increased volatility during the month but ended with large buying waves emanating from local and regional investors, increasing the average daily turnover significantly to USD92mn versus an average of USD32mn during the month. The fund outperformed the HFI index by 1.3% ending the month with a decline of 1.0% and bringing its year to date performance to 29.4%.

The market saw mixed news from companies during the month of June 2012. Heavy weight, Orascom Construction Industries (OCI) announced 1Q2012 consolidated results with revenues reaching USD1.3bn showing a year-on-year growth of 1.4%. The company's net income declined during the quarter reaching USD94mn on the back of lower operating margins during the quarter. Furthermore, the company's consolidated backlog reached USD6.5bn showing a 15.5% year-on-year increase with new awards during 1Q2012 only amounting to USD841mn. On the Telecom front, Orascom Telecom Media and Technology (OTMT) has also announced its consolidated results from the date of its inception (November 29th 2012) until end of 1Q2012 with total revenue reaching EGP546mn. The company's net profit amounted to EGP148mn, however, OTMT recorded additional profits of EGP842 after realizing gains from revaluation of derivatives which brought the total net profit of the company up to EGP961mn.

On the economic front, net international reserves continued its increase during May 2012 after gaining USD302mn and thus reaching USD15.5bn. On a separate note, Saudi Arabia approved an additional USD430mn in aid for Egypt to finance several projects. Annual headline inflation continued to decline reaching 8.3% in May 2012 from 8.8% April 2012 due to lower food prices. Core inflation declined sharply to reach 7.2% year-on-year in May 2012 from 8.4% in April 2012.

The fund manager maintains its cautiously optimistic stance over the coming period with an eye on the closure of the long awaited IMF deal and the formation of a new government. The manager will exploit prevailing market volatility to benefit from short term trading opportunities while maintaining long term core positions in blue chips and defensive names.

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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		-1.0%
Year to Date		29.4%
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 25.42
Launch Date		August, 1996
Listing		Irish Stock Exchange
Structure		Open Ended
Management fee		1.75%
Minimum Subscription		USD 10,000
Subscription/Redemption		Weekly

Fund Identifiers

ISIN		BMG2948Y1093
Sedol		0-306-504
Reuters Code		LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15
Bloomberg Ticker		EFGHEGY BH

Fund Characteristics

No. of Holdings		16
Beta		0.81
Sharpe Ratio		0.03

Top Holdings

Holding	Sector	% Holding
Telecom Egypt	Telecom.	14.2%
Orascom Construction Industries	Construction	10.8%
Commercial International Bank	Banking	10.7%

Allocation By Economic Sector

