

The first half of the past month witnessed severe volatility owing to the massive selling wave initiated by Arab investors in the Egyptian market to cover margin positions in their home markets, where they were incurring continuous losses. The selling pressure finally culminated in the massive retail panic on the so called “Black Tuesday”, with the HFI shedding more than 11% in the first hour of the trading session. During the latter part of the month, the market recovered owing to heavy purchase activity by institutional investors aiming to take advantage of selective fundamentally attractive investment opportunities.

Your fund’s year-to-date return amounts to 5.0% with the largest positive contributor to the fund’s performance being the tourism and real estate play, Orascom Hotels & Development (OHD). The company announced its full year 2005 results, which were in line with the Fund Manager’s forecasts. OHD’s net profit reflected a surge of 239% year-on-year to record EGP 181 million with total revenues witnessing a 28% rise to reach EGP 676 million.

The banking stocks were once again positive contributors to the fund’s performance this month. The Egyptian American Bank (EAB) announced its full year 2005 results whereby net income increased by 32% to stand at EGP 318 million compared to EGP 241 million in 2004. The rise was mainly attributed to the growth in interest income from Treasury Bills and Bonds by 52%, amounting to EGP 204.3 million. Net interest income grew by 9.7% to reach EGP 301.9 million compared to EGP 275.2 million in 2004.

The string of corporate news announced this month also included the FY 2005 results of the regional telecom operator, Orascom Telecom (OT). OT announced 2005 results showing a year on year increase of 42% and 78% in operating income and net income respectively. Despite increasing the company’s subscriber base to 30.4 million, the average revenue per user (ARPU) dilution in most of the company’s markets caused a disappointment compared to analysts’ expectations, thus negatively affected the stock’s performance during the month. The Fund Manager remains confident of the company’s potential in its current markets with high growth in subscribers and lower ARPU dilution. In addition, OT provides its investors with the potential of accessing new markets and/or the addition of a bigger share of its current holdings, thus enhancing its consolidated earning per share figure.

**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 38.94
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

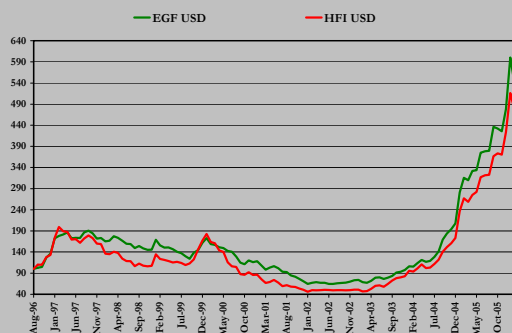
**Investment Information**

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

**Fund Performance**

Trailing Returns		Risk Overview	
YTD	5.0%	No. Years ▲	7
1 Month	-7.0%	No. Years ▼	3
3 Months	5.0%	Best Yr ▲	130.7%
1 Year	62.2%	Worst Yr ▼	-39.2%

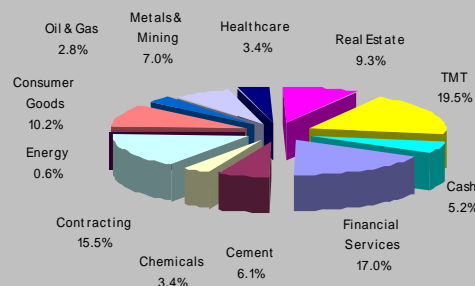
**EGF Relative Performance**



**Top 5 Holdings**

Holding	% Holding
Orascom Telecom	17.9%
Orascom Construction Industries	15.5%
Orascom Hotels & Development	6.6%
EFG-Hermes	6.1%
Commercial International Bank	5.6%

**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.