

Fund Manager's Strategy & Outlook

The EFG-Hermes Egypt Fund added 3.5% this month outperforming the HFI which posted a modest gain of 0.7%. The Fund's outperformance was largely attributable to overweighting companies in the building materials, and real estate & construction sectors. Moreover, exposure to oil & gas and fertilizer companies have contributed around 2% to the Fund's positive performance.

The Fund's largest holding, Egyptian Kuwaiti Holding, posted an 85% increase in net profit in 2007 to reach USD104 million on the back of 115% surge in consolidated revenues which came in at USD236 million in 2007. The company, which has diverse holdings in the fertilizer, energy, cement, insurance and agriculture sectors, recently announced that its subsidiary, Tri Ocean Energy, acquired a 5% stake in PETRODAR, one of the largest oil companies in Sudan. The agreement was signed with state-owned company SUDAPET, which is a major shareholder of PETRODAR, for a value of USD400 million. The estimated daily production of this concession amounts to 200,000 barrels per day and is projected to increase to 275,000 barrels per day in 2009.

On the Telecommunications front, Orascom Telecom (OT) announced full year 2007 net profits which increased by 180% to USD2 billion. Net income included a non-recurring gain of USD761 million resulting from the sale of OT's stake in Hutchison Telecommunications International Limited (HTIL), in addition to a USD920 million gain from the sale of Iraqna. Total subscribers grew by 44% to 70 million while revenue was up 22% to USD4.7 billion.

El Sewedy Cables' 2007 consolidated net profits increased by 43% year-on-year to EGP724 million as revenue grew by 63% to EGP9.3 billion. Growth in revenue was driven by a 58% increase in wire and cable revenue to EGP8.5 billion, a 147% increase in turnkey project sales to EGP658 million, and a 76% growth in sales of electrical products to EGP222 million.

The Fund's largest real estate position, Sixth of October Development and Investment Co. (SODIC), released 2007 profit which rose to EGP370 million from EGP227 million in 2006 on the back of a 53% growth in sales which reached EGP555 million. Gross profit increased 53% to EGP389 million implying a gross profit margin of 68%.

The Egyptian market has proven rather resilient to global turmoil as economic conditions –namely robust domestic demand remains supportive for investment. The Investment Manager will continue to take advantage of the recent market volatility to identify selective opportunities that furnish an attractive upside potential.

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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	3.5%
Year to Date	8.7%
2007	61.9%
2006	8.6%
2005	130.7%
2004	113.1%

Fund Information

NAV per share	USD 69.92
Launch Date	August, 1996
Listing	Irish Stock Exchange
Structure	Open Ended
Management fee	1.75%
Minimum Subscription	USD 10,000
Subscription/Redemption	Monthly
ISIN	BMG2948Y1093
Sedol	0-306-504
Reuters Code	LCFR13, RSJA55, CLSA51, WDRIFMEA1, ABNFUNDS15

Fund Characteristics

No. of Holdings	22
Beta	0.78
Sharpe Ratio	1.52

Top Holdings

Holding	Sector	% Holding
EK Holding	Investments	11.0%
EI Ezz Steel	Building Materials	10.7%
OT	TMT	8.7%

Allocation By Asset Breakdown

