

### Egypt: Reforms Kicking In

Your fund's year-to-date returns amount to 1.7% after gaining 2.8% in October 2006. With the approval of the fund's AGM held on 11<sup>th</sup> October 2006, we have distributed a dividend of \$0.37 per certificate on 30<sup>th</sup> October 2006 for holders as of 22<sup>nd</sup> October 2006.

Banking stocks occupied center-stage this month with the conclusion of the sale of 80% of Bank of Alexandria to Italy's Sanpaolo IMI in a deal worth USD 1.6bn which translates to a price-to-book multiple of around 6x. Consequently, your banking holdings experienced a rally with NSGB and CIB gaining 18.7% and 14.2% respectively. Moreover, CIB released its nine months results posting a year-on-year growth of 37% in net income on the back of a 9% increase in net interest income along with a significant 33% growth in fees and commissions income. We believe the results are positive given the bank's impressive operational performance, aggressive loan growth strategy, along with its plans to target new segments and markets.

Your fund's top holding, Orascom Telecom (OT), announced the acquisition of an additional 7.9% stake in its Algerian subsidiary, Djazzy, to reach an ownership of 95.6%. Our telecom analyst believes the deal is value accretive to OT given that the additional stake values Djazzy at a large discount to its fair value. This confirms our expectation for an appreciation in the value of OT.

The fund manager has also built a successful position in El-Sewedy Cables, the largest manufacturer of power cables in Egypt and one of the top two in the Middle East. Benefiting from the infrastructural boom in the Middle East and the increasing demand from new markets, the company is undertaking aggressive expansion plans in markets outside Egypt with cable capacities increasing by 57%. The stock has experienced a price appreciation in excess of 20% in October and still offers significant upside potential to investors.

Another sector that is set to benefit from the planned economic reforms is the real estate sector. Your fund's largest real estate holding, Sixth of October Development and Investment Company, Sodiq, continued to rally this month owing to news regarding the company's acquisition of new land plots (at attractive prices) and the continuous increase in land and unit prices. The company has also signed several agreements with local and regional real estate developers to plan and develop projects in both Western and Eastern Greater Cairo.

### 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 37.35
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

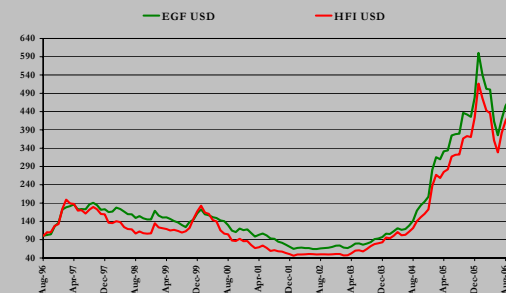
### Investment Information

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

### Fund Performance

Trailing Returns		Risk Overview	
YTD	1.7%	No. Years ▲	7
1 Month	2.8%	No. Years ▼	3
3 Months	15.8%	Best Yr ▲	130.7%
1 Year	12.6%	Worst Yr ▼	-39.2%

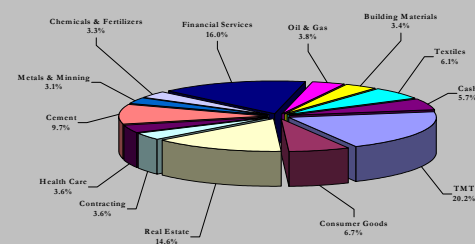
### EGF Relative Performance



### Top 5 Holdings

Holding	% Holding
Orascom Telecom	16.5%
Commercial International Bank	7.5%
Misr Beni Suef Cement	5.8%
SODIC	5.3%
EFG-Hermes	5.3%

### Asset Allocation



### ENQUIRIES:

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