

Fund Manager's Strategy & Outlook

The Fund declined 1.21% for the month of October, bringing its YTD performance to 2.69%. The market took a beating as well and ended the month flat at 0.18%, on the back of large selling waves particularly in blue chips, bringing it YTD gains to 3.85%.

The market saw mixed news and announcements from companies led by heavyweight Orascom Telecom (OT) that was again in center stage. The month presented a series of conflicting news on OT with a possible tax fine of up to USD230 million, then the company's CEO announced that he does not intend to sell the Algerian operator – Djezzy, followed by major news of a possible merger between Vimplecom of Russia and Weather Investments, owner of 51% of OT. Market participants were baffled by the mixed news and the stock ended the month down 18%. Another heavy weight, Orascom Construction Industries (OCI), was faced with possible tax fine on one of its subsidiaries; nevertheless the stock posted a positive performance throughout the month on the back of sound fundamentals, ending the month outperforming the index by nearly 3%. Also on the positive side, Citadel Capital announced an exit scenario for one of its subsidiaries, Taqa Arabia, through an IPO over the coming 9 months and announced plans to exit another one of its investments in 2011. The stock gained 10% in price terms as it started to receive market attention. Electrolux, the largest white goods producer worldwide, announced that it signed a memorandum of understanding to acquire 52% of Olympic Group, with intentions to acquire the remaining stake in the company.

As at the end of September the inflation figure was stable at 10.9% on a year-on-year basis, while core inflation stood at 8.2% year-on-year at the end of August. The Egyptian pound saw some weakening as a result of profit taking in treasury-bills by foreign investors. On the other hand, preliminary government figures showed a GDP growth rate of 5.6% year-on-year for 3Q2010 boosted by tourism, manufacturing, and construction.

The manager continues to believe in the sound performance of the economy which paves the way for market strength and attracts foreign investment. Over the coming period the investment manager will maneuver positions and benefit from dislocation in the market, focusing more on names that have underperformed lately and shifting attention to medium caps away from large caps.

EFG-Hermes Asset Management

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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		-1.2%
Year to Date		2.7%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 40.05
Launch Date		August, 1996
Listing		Irish Stock Exchange
Structure		Open Ended
Management fee		1.75%
Minimum Subscription		USD 10,000
Subscription/Redemption		Monthly

Fund Identifiers

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

Fund Characteristics

No. of Holdings		21
Beta		1.03
Sharpe Ratio		0.29

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Construction	19.7%
Orascom Telecom	TMT	14.0%
Telecom Egypt	TMT	9.2%

Allocation By Economic Sector

