

Fund Manager's Strategy & Outlook

The market cautiously gained ground during the month on the back of bargain hunting after reaching its lowest levels since the beginning of the year. Nevertheless, market turnover continued its decline in October reaching its lowest levels with an average daily turnover of USD44 million vs. a three month average of USD58 million. The fund added 6.6% return over the month.

The market was dominated by mixed company announcements during the month with Orascom Construction Industries (OCI) adding an estimate of USD672 million to its backlog. The company was awarded the YAS Island mall contract in Abu Dhabi, a project valued at USD544 million and is expected to be completed by the end of 2013. The company was also awarded a contract to construct Bahrain's Four Seasons hotel at an estimated value of USD800 million. By the end of the month, the company signed an agreement with EBX Company in Brazil to develop a USD3 billion fertilizer complex in Superport in Brazil. On the telecom front, Egyptian Company for Mobile Services (Mobinil) released its 3Q2011 results with net income for the quarter amounting to EGP10 million on the back of high tax rate, cost of service and depreciation expense. The quarter results were negatively impacted by the boycott and loss in subscribers which started by the end of June. Orascom Telecom Holding (OT) has approved its company split during its EGM and agreed to complete the company's demerger by the end of 2011.

On the economic front, headline inflation continued cooling down during September 2011 reaching 8.2% year-on-year vs. 8.5% year-on-year in August on the back of continued deceleration in food prices during the month. However, core inflation increased to 7.95% year-on-year in September 2011 vs. 6.98% in August for the same period. Budget support was triggered with a USD500 million grant from Qatar that was received during the month. Furthermore, several aid package plans were announced including a USD2.45 billion from Saudi Arabia in the form of investments and aid packages, and a USD3 billion from the UAE as a financial aid to Egypt. Net international reserves declined by USD1 billion in September reaching USD24 billion and bringing the total decline in NIR in 3Q2011 to USD2.6 billion vs. USD3.5 billion in 2Q2011, thus, showing slower reserve depletion as capital outflows decline.

In anticipation of continued market volatility as elections heat up the political scene, the fund manager opportunistically positions the fund to benefit from attractive trading opportunities emanating on the short term while maintaining a core position for long term capital appreciation.

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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		6.6%
Year To Date		-44.2%
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 23.59
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		14
Beta		0.79
Sharpe Ratio		0.07

Top Holdings

Holding	Sector	% Holding
Commercial International Bank	Banking	12.4%
Orascom Construction Industries	Construction	11.2%
Talaat Mustafa Group	Real Estate	8.0%

Allocation By Economic Sector

