

Egypt: Capturing Value

Your fund posted gains of 3.8% during the month of September, bringing its NAV to US\$ 36.70. The market remained buoyant this month on the back of strong corporate earnings and several acquisition deals that reflected foreign investors' confidence in the Egyptian market. The highly publicized privatization deal of the Egyptian retail chain, Omar Effendi, was finally concluded with its sale to the Saudi Anwal Group for US\$ 0.6 billion. Moreover, Egypt's fixed line operator, Telecom Egypt, raised its stake in Vodafone to 49% after acquiring an additional stake of 23.5% at EGP 100 per share. We remain confident in regional conglomerates, exporters and specific domestic plays that are expected to outperform in the coming period owing to the recent economic reforms.

The housing and real estate stocks fared well this month. The Sixth of October Development and Investment Company, Sodiq, was among the positive contributors to the Fund this month, adding 0.6% to the return. The stock gained 15.8% during the month following the announcement relating to the purchase of a 1 million meter squared land bank at a total cost of EGP 590 million. The company also signed a preliminary agreement with a regional real estate developer for the establishment of a residential, commercial and services project on part of the land, thus resulting in a gain for the company of EGP 56 million. The company is currently awaiting the EGM approval to increase its capital by EGP 1 billion to finance the project and announce further investments.

Egypt's leading consumer durables producer, Olympic Group, reported a significant growth of 109% year-on-year in net income to reach EGP 100 million. This came on the back of a healthy increase of 13% year-on-year in revenues with an improvement in EBITDA margin to 19.1% up from 16.7% and 29% growth in EBITDA. The local market leader in household appliances is currently spinning off its real estate arm, Namaa, to shareholders, which is expected to be completed by end of 2006, early 2007. We maintain our positive stance on the consumption of white goods fueled by strong economic conditions and higher consumer spending.

Recently published economic indicators reflected significant improvements with GDP growth rate reaching 6.9% in FY05/06 compared to 5.8% last year. This came on the back of a significant 47% growth y-o-y in industrial exports to record US\$ 8.8 billion. Foreign Direct Investments (FDI) rose by a healthy 56% y-o-y to US\$ 6.1 billion, of which only 15% are privatization proceeds. Foreign reserves reached a life-time high level of US\$ 23.9 billion, a 15% growth y-o-y.

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 36.70
Launch Date	Sept 1996
Listing	Irish Stock Exchange
Structure	Open End
Management fees	1.75%
Incentive fees	None
Benchmark	None

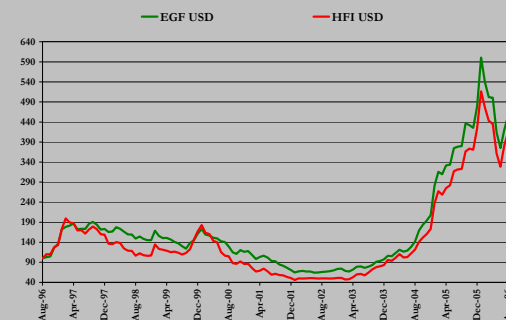
Investment Information

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	-1.1%	No. Years ▲	7
1 Month	3.8%	No. Years ▼	3
3 Months	26.2%	Best Yr ▲	130.7%
1 Year	8.5%	Worst Yr ▼	-39.2%

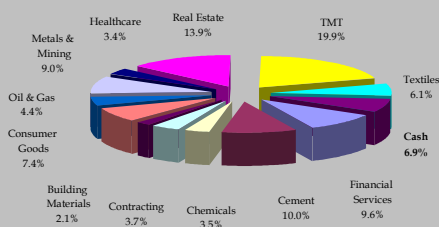
EGF Relative Performance



Top 5 Holdings

Holding	% Holding
Orascom Telecom	16.8%
Misr Beni Suef Cement	6.0%
El Ezz Steel Rebars	5.6%
Commercial International Bank	5.4%
Oriental Weavers	5.2%

Asset Allocation



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