

Fund Manager's Strategy & Outlook

For the third month in a row, the Fund's performance is in positive territory with a return of 3.0% over the month. September's performance brings the YTD performance of the Fund to 3.9%. The market on the other hand returned 3.7% for the year and 4.5% during September.

The market was dominated throughout the month by news of developments in the Talaat Mostafa Group administrative court case after the company's appeal was rejected which raised worries about the possibility of losing the land for the company's flagship project. The worries were assuaged by a cabinet-level intervention that reassured the company and the market that the project will go on. The stock took a dive on the back of the initial news and largely regained most of the loss.

Other major news in the market was related to Orascom Telecom with further troubles with Algeria's government casting a shadow on the stock once more. The company took a heavy hit at the end of the month as a new tax claim by the government was announced amid uncertainty about the likelihood of an acquisition of Djezzy or OT.

Despite several large cap stocks having a less-than-stellar performance during the month, mid caps posted strong performance helping the Fund and the market dial down the OT effect.

On the economy's front most developments were neutral to positive. The MPC kept rates stable yet again even though inflationary pressures started increasing with Core inflation surpassing, for the first time this year, the 8% mark in August. This, however, is seen as a seasonal increase that will likely not develop into a trend. On the other hand tourism and Suez Canal receipts showed impressive growth with the former posting 18% growth during the first half of 2010 and the latter growing 17% during the year ending in August. In light of that, and an expected pick up in FDIs, the government is confident that GDP growth will continue above the 6% mark for the current fiscal year; a positive view that is widely shared by analysts here and abroad.

Short term volatility in certain stocks does not affect the Manager's view on the market's trend and the economy robustness, and presents a frequent opportunity for trading. Overall, the Fund's strategy remains on track and the market seemed to have left the second quarter's shock behind.

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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		3.0%
Year to Date		3.9%
2009		12.8%
2008		-46.2%
2007		61.9%
2006		8.6%
2005		130.7%
2004		113.1%

Fund Information

NAV per share		USD 40.54
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		22
Beta		1.03
Sharpe Ratio		0.29

Top Holdings

Holding	Sector	% Holding
Orascom Construction Industries	Contracting	20.1%
Orascom Telecom	TMT	11.9%
Commercial In't Bank	Banks	8.3%

Allocation By Economic Sector

