

### Fund Manager's Strategy & Outlook

Amidst the uncertainty over the recent policy measures announced by the government on May 5<sup>th</sup>, the market reacted negatively earlier in the month however regained some momentum towards the end of the month. The Egypt Fund shed 6.6% yet remains in positive territory for 2008 with a year-to-date return of 3.5%.

The oil and gas sector was the only sector to end the month in positive territory underpinned by record oil prices. The newly listed Maridive gained more than 30% in its first month of trading. On another note, the worst performing sector was the housing and real estate sector amidst mounting speculation regarding the implementation of the real estate tax.

On the corporate news front, the contracting and fertilizer conglomerate, Orascom Construction Industries (OCI) announced first quarter results posting a 224% surge in net profit year-on-year to US\$ 454 million as a result of OCI booking a capital gain of USD255 from selling Egypt Container Handling Company (ECHC) in the first quarter of 2008. Consolidated revenue grew 33% to US\$ 724 million while EBITDA grew 83% to US\$ 170 million. EBITDA margin witnessed a 6% expansion owing to consolidation of the fertilizers segment for the first time. Consolidated income from operations surged 187% to US\$ 197 million. The Fund's other infrastructure play, Sewedy Cables posted a 78% growth in first quarter 2008 to record EGP 260 million. Revenue grew by 49% year-on-year to EGP 3 billion and the adjusted EBITDA was up 54% to EGP 331 million.

The Fund's top holding in the financial services sector, the Commercial International Bank (CIB), reported consolidated first quarter 2008 normalized net income of EGP 413 million reflecting 55% increase year-on-year bolstered by a remarkable 63% growth of net interest income.

On the macro front, the government confirmed its commitment to the ongoing reform program, which should provide the foundation for robust foreign direct investment in the medium term. The market is expected to remain volatile in the coming months; however, the Investment Manager maintains a positive outlook and will continue to exploit inefficiencies in the market.

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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  | 3.5%       |
| 2007          | 61.9%      |
| 2006          | 8.6%       |
| 2005          | 130.7%     |
| 2004          | 113.1%     |

### Fund Information

|                         |                      |
|-------------------------|----------------------|
| NAV per share           | USD 66.59            |
| 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, |
| Bloomberg Ticker | EFGHEGY BH      |

### Fund Characteristics

|                 |      |
|-----------------|------|
| No. of Holdings | 21   |
| Beta            | 0.78 |
| Sharpe Ratio    | 1.53 |

### Top Holdings

| Holding      | Sector             | % Holding |
|--------------|--------------------|-----------|
| El Ezz Steel | Building Materials | 11.4%     |
| EK Holding   | Investments        | 9.9%      |
| OT           | TMT                | 9.4%      |

### Allocation By Asset Breakdown

