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Opportunity for investors in post Mubarak Egypt

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Unrest in the Middle East and North Africa has split investors into two camps over the future of the country. The knee jerk reaction by many was to sell the assets they held in Egypt fearing the worst at the height of the crisis; however now the dust has settled the overwhelming sentiment seems to be 'pro-investment'.

The democratic model by nature promotes capitalism as resources are distributed more freely, there is greater market sovereignty and there is increased respect for individual ownership of property and businesses. Now that the regime has moved out and the creation of a more democratic system is underway investment looks even more favourable.

"There will be democracy and transparency and these changes will lead to more economic growth," said Larry Seruma, managing principal at Nile Capital Management. "It's a great opportunity to invest in Egypt."

"The new government, whatever shape it takes, will be incentivized to provide work for a greater portion of the population to get them above the poverty line. There has been a lot of foreign investment to give it up. If anything, the economy will grow," said David Grayson, managing director of emerging markets brokerage firm Auerbach Grayson in New York.

In fact, the unrest in Egypt has actually given those waiting to invest a greater incentive to buy sooner rather than later. The immediate effect of the revolution was for share prices to drop, which some savvy investors have used to their advantage to buy up stocks in emerging market funds to pre-empt the predicted Egyptian growth.

"I think people realize there was a panic in the bonds and short positions had to be covered, while a potentially more peaceful resolution to the protests, with limited escalation of violence, added to some relief buying," said Jeff Grills, co-head of emerging market debt portfolios at hedge fund Gramercy in Greenwich, Connecticut.

"I think investment in Egypt itself could increase, say, a year from now as a new government comes in. If that government ends up being democratic in nature, then you could certainly see some improvement," said Bryant Evans, investment advisor and portfolio manager at Cozad Asset Management, in Champaign, Illinois.

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