

Fund Manager's Analysis

Fund's Performance

The market started the quarter with a strong performance amid better investor sentiment. However, during the month of June the market witnessed a strong downdraft on the back of political tensions prior to June 30th protests and the heightened degree of uncertainty which was reflected into increasing volatility. The fund returns for 2Q2013 reached -2.3% while the EGX30 showed a performance of -9.6% for the same period.

Economy & Market Outlook

Company results for 1Q2013 were strong supporting the overall market sentiment. On the banking front, Commercial International Bank (CIB) started the year with a strong performance reporting net profit of EGP658 million showing a 30% year-on-year growth. The growth came on the back of a strong operating income due to improved net interest and non-interest income. Talaat Mostafa Group (TMG) reported 17% year-on-year increase in its 1Q2013 consolidated revenue reaching EGP1.5 billion. The group's net profit grew 24% quarter-on-quarter reaching EGP139 million while new sales reached EGP1.8 billion showing a year-on-year and quarter-on-quarter growth of 64% and 92% respectively. Sidi Kerir Petrochemicals reported robust 1Q2013 results with the company's net profit showing a 56% year-on-year increase reaching EGP317 million. On a separate note, Orascom Construction Industries (OCI) has reached a final agreement with the Egyptian Tax Authority to settle its tax dispute by paying EGP7.1bn over ten installments with the first installment amounting to EGP2.5bn during 2Q 2013.

The Egyptian economy recorded year-on-year GDP growth of 2.2% during 1Q 2013 versus 5.2% in 1Q2012 and 2.2% in 4Q2012. The minister of finance announced that the economy is still suffering from a collapse in revenues from tourism and foreign investment sectors. The government has announced a revised target GDP growth of 2.5% for FY2012/2013 given the weakening economic activity since the beginning of the year. Ongoing EGP devaluation has put strains on economic activity with May 2013 inflation rate reaching 8.2%. Net international reserves remained stable at USD14.9bn during June 2013 due to ongoing financial support from neighboring countries.

Investment Strategy

Given the current political situation in Egypt, the fund manager will maintain cautious equity exposure for the fund with core positions in defensive plays as well as companies with international operations benefiting from FX movements. Excess cash in the fund's portfolio will be deployed to benefit from any trading opportunities that might arise on the short term.

For Further Information:

Bank of Alexandria

Tel: 202-37623170/67/68/69

Fund Performance

Returns	Bank of Alex Mutual Fund No. 1
Q2-2013	-2.3%
Q1-2013	-0.8%
YTD 2013	-3.3%
2012	37.0%
2011	-47.4%
2010	6.3%
2009	7.1%
2008	-56.3%
2007	57.1%
2006	14.9%
2005	89.4%
2004	82.9%
2003	64.7%
2002	12.0%
2001	-15.0%
2000	-13.1%
1999	15.9%
1998	-16.6%
1997	18.5%
Since Inception	424.9%

Fund Information

IC Price	EGP 152.3
Total Distributed Dividends	EGP 292.5
Inception Date	November 1994
Subscription/Redemption	Weekly/Weekly
Reuters Code	65077561
Bloomberg Ticker	EFGALXA

Top Holdings

Holding	Sector
ORASCOM CONSTRUCTION INDS	Construction & Materials
ORASCOM TELECOM HOLDING	Telecommunications
COMMERCIAL INTERNATIONAL BANK	Banks
JUHAYNA FOOD INDUSTRIES	Food & Beverage
T M G HOLDING	Real Estate

Asset Allocation

