

Bank of Alexandria Mutual Fund No.

Quarterly Report –Q2-2017

Fund's Performance

The Egyptian market started the 2Q2017 with weakened performance of -3.6% in April 2017 as investors started to lock in profits after the 8.9% increase during March 2017. However, during May and June, the market increased by 7.7% as foreign investors increased their buying momentum in the market. During the quarter, the market average daily turnover was EGP0.9 billion. Foreign investors were net buyers by EGP3.7 billion, while Arab investors and local investors were net sellers by EGP0.2 billion and EGP3.5 billion respectively. The fund performance for 2Q2017 reached 5.4% while the EGX30 showed a performance of 3.1% for the same period.

Economy & Market Outlook

It is worth mentioning that the market saw two IPOs during April 2017; Raya Contact Center Group that concluded the sale of 49% of its stake worth around EGP808 million; and MM Group for industry and international trade (MTI) that offered 30% of its stake with a value of EGP708 million. In addition, MSCI announced keeping Egypt's emerging market status in its semi-annual index review by replacing Talaat Mostafa Group with EFG-Hermes.

Commercial International Bank (CIB) released its 1Q2017 results reporting an increase of 22.7% in net interest income from EGP2.27 billion in 1Q2016 to EGP2.78 billion. This growth was due to an increase of 51.8% in average interest earning assets. In addition, net income also grew by 34.2% to reach EGP1.73 billion. The Bank also arranged a shareholders meeting on 18 July seeking approval to increase its capital by 25% through issuing bonus shares from the bank reserves and to change the board of directors. Moreover, Eastern Tobacco announced its 9M16/17 results showing an increase of 38.0% YoY in operating revenue to reach EGP7.85 billion. On the other hand, due to FX losses and provisions, the company reported a limited growth of 24.2% in net income from EGP1.08 billion in 9M15/16 to EGP1.34 billion in 9M16/17. On the same front, El Sewedy Cables released its 1Q2017 results with 108.5% growth in operating revenues. EBITDA also increased by 172.4% from EGP719 million to EGP1.96 billion. In addition, the company's net income increased by 99.2% to reach EGP1.51 billion.

On the economic front, the Monetary Policy Committee (MPC) announced increasing the overnight deposit and lending rates by 2.0% to reach 16.75% and 17.75% respectively. This decision was mainly to contain inflation that has been increasing since November 2016 after the local currency flotation and the energy subsidy cuts. In addition, Egypt managed to raise an additional USD3.0 billion in Eurobonds, the procedure of selling the Eurobonds was also done over three tranches and the subscription was covered 4.0x with 80% demand from Europe and north America. Furthermore, the parliament announced its approval on the new investment law that includes several incentives to investors. On the same front, a 0.125% stamp duty tax imposed on the stock market transaction on the 28th of July after the president signed off the decree. The stamp duty tax will be increased next year to reach 0.150% and 0.175% the following year. In addition, the government reduced the fuel subsidies by around EGP40 billion. Egypt's Net International Reserves increased by 8.7% in May to reach USD31.1 billion following the issuance of USD3.0 billion Eurobonds. Egypt's inflation rate slightly eased from 31.5% in April 2017 to 29.7% in May 2017.

Investment Strategy

The fund manager is cautiously optimistic about the prospects of the local stock market given the recent fiscal reforms and monetary actions taken by the government regarding energy subsidies and interest rates. The manager continues to remain diversified across the holdings of the fund and reduces exposure to stocks that would be most affected from the recent decisions over the coming period.



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Fund's Performance

Returns	Bank of Alex Mutual Fund No.1
Q2-2017	5.4%
Q1-2017	9.8%
YTD 2017	15.7%
2016	53.4%
2015	-18.0%
2014	22.0%
2013	26.4%
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	1115.6%

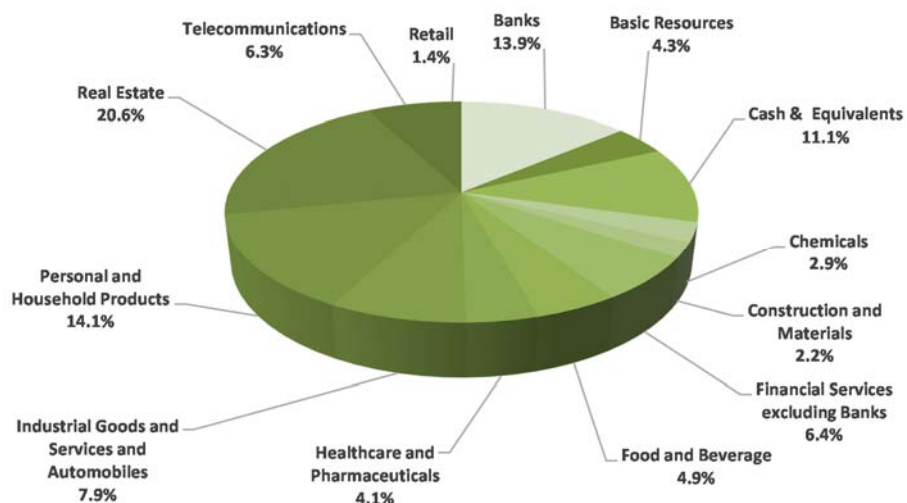
Top Holdings

Holding	Sector
Commercial International Bank Egypt SAE	Banks
Eastern Tobacco	Personal and Household Products
ElSewedy Electric Co	Industrial Goods and Services and Automobiles
Talaat Moustafa Group	Real Estate
Global Telecom Holding SAE	Telecommunications

Fund Information

IC Price (28/6/2017) 335.86	Subscription/Redemption Weekly / Weekly
Dividends Distributed Since Inception EGP 303.5	Fund Management EFG-Hermes Asset Management
Inception Date November 1994	Fund Manager Nabil Moussa
Inception Price EGP 100	Assistant fund Manager Mostafa Amer
Bloomberg Ticker EFGALXA	Reuters Lipper Code 65077561

Asset Allocation



For Further Information:

Bank of Alexandria

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