

Fund Manager's Analysis

Fund's Performance

The political scene dominated the news throughout the last quarter of 2012. Mass street protests heated up the political scene while the long awaited constitutional voting took place during December 2012 witnessing strong opposition from several political parties. The market surged down during the quarter owing to large selling waves emanating from local retail investors. The fund returns for 4Q2012 reached -3.1% while the EGX30 showed a performance of -8.0% for the same period.

Economy & Market Outlook

Company results for 3Q2012 were announced during the quarter with some surprises to analysts. The banking sector continued reporting strong results for 3Q2012 with Commercial International Bank (CIB) recording a remarkable year-on-year increase in net income by 94% reaching EGP610 million. The bank benefited from high net interest income and strong trading and investment income compared to the previous year. National Societe Generale Bank (NSGB) reported net income of EGP390 million showing an annual growth of 10%. The bank reported strong operating income during the quarter with an increase of 23% on a year-on-year basis on the back of strong growth in net interest income. It is worth mentioning that the bank has reached a final agreement with Qatar National Bank (QNB) to sell the 77.17% stake of Societe Generale for USD1.97 bn bringing the total value of the bank to USD 2.56 bn. Orascom Construction Industries (OCI) announced net profit of USD127 million showing a year-on-year decrease of 31% on the back of diminished margins from its construction and fertilizers business. The company's backlog reached USD5.6 billion, a drop of 4% during the quarter.

On the economic front, the country's economic growth slowed to 2.6% year-on-year during the first quarter of FY2012/2013. The country witnessed an overall slowdown in economic activity, albeit some sectors showing increased growth over the same period including manufacturing and construction which have increased by 2.8% and 5.4% respectively. Net international reserves remained stable during the last quarter of the year standing at USD15 billion in December 2012 showing a year-on-year drop of 17% versus 50% in 2011. It is worth mentioning that the Central Bank of Egypt (CBE) has introduced FX auctions in an effort to protect the county's foreign reserves which caused the value of the EGP to fall against the USD reaching 6.32 EGP/USD by the end of the 2012.

Investment Strategy

With positive sentiment crawling back into the market, the fund manager will maintain a cautiously optimistic view during the coming period. Furthermore, equity exposure and asset allocation for the fund were adjusted by the fund manager in light of current market conditions.

For Further Information:

Bank of Alexandria

Tel: 202-37623170/67168/69

Fund Performance

Returns	Bank of Alex Mutual Fund No.1
Q4-2012	-3.1%
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	441.2%

Fund Information

IC Price	EGP 161.0
Total Distributed Dividends	EGP 292.5
Inception Date	November 1994
Subscription/Redemption	Weekly/Weekly
Reuters Code	65077561
Bloomberg Ticker	EFGALXA

Top Holdings

Holding	Sector
COMMERCIAL INTERNATIONAL BANK	Banks
ORASCOM TELECOM HOLDING	Telecommunications
ORASCOM CONSTRUCTION INDS	Construction & Materials
JUHAYNA FOOD INDUSTRIES	Food & Beverage
TELECOM EGYPT	Telecommunications

Asset Allocation

