

## Bank of Alexandria Mutual Fund No.1

### Quarterly Report –Q2-2014

#### Fund's Performance

The equity market saw a slight dip over 2Q2014 after witnessing much volatility throughout. The market saw a good rally during the buildup to the presidential elections but suffered from more volatility afterwards when the tax and subsidy reform plans were announced. M&A talks helped support the market towards the last weeks of the quarter. The fund returns for 2Q2014 reached -1.0% while the EGX30 showed a performance of -1.9% for the same period.

#### Economy & Market Outlook

In company news, Global Telecom was finally successful in selling 51% of its Algerian subsidiary Djezzy to the Algerian National Investment Fund for USD2.6billion. While most of the cash proceeds will be used to pay outstanding loans, the sale of Djezzy was a cause of a relief for investors, driving the stock price more than 15% higher by the end of the period. Moreover, the company released its financial results for 1Q2014 showing a net income of USD38 million, an increase of 102% quarter-on-quarter, on the back of FX gains. As for real estate, Talaat Mostafa Group reported net profits of EGP160.8 million for 1Q2014, an increase of 15.4% from the same period last year. The increase is attributed to the delivery of higher-margin apartments and land sales related to standalone units. Sixth of October Development and Investment Company (SODIC) also announced its 1Q2014 results with revenues reaching EGP301 million, a 132% increase year-on-year, after booking strong gross sales during the first quarter. Moreover, the company announced that its subsidiary SOREAL has received a letter of award for 301 acres (1.26msqm) of land which was auctioned by the New Urban Communities Authority (NUCA).As for the banks, Commercial International Bank (CIB) reported net income of EGP805 million for 1Q2014, an increase of 22.5% year-on-year, due to increased retail loans and growth in fee and investment income.

As for developments on the economic level, the Central Bank of Egypt (CBE) said that it had covered the entire backlog of dollars owed to foreign investors seeking to repatriate funds from the country. Moreover, it maintained interest rates unchanged to limit any upside inflation risk. However, the government's tax and subsidy reform program was the story of the hour. In an attempt to decrease the budget deficit the president approved the state budget after including the capital gains tax, bringing forward the implementation of the value-added tax to FY2014/15, and subsidy cuts on fuel and electricity. As for net international reserves (NIR) first decline in 2014 as it fell by USD205 million in May, to reach USD17.3 billion.

#### Investment Strategy

The fund manager is optimistic about the implementation of economic reforms, with the removal of energy subsidies being a long awaited move that should prove positive on the long run. In turn, the fund manager will maintain his equity exposure level in a well-diversified portfolio.

## EFG Hermes Asset Management Top Asset Manager in Egypt in 2014

EFG Hermes named Best Asset Manager in Egypt.

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### Fund's Performance

Returns	Bank of Alex Mutual Fund No.1
Q2-2014	-1.0%
Q1-2014	12.5%
YTD 2014	11.3%
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	661.4%

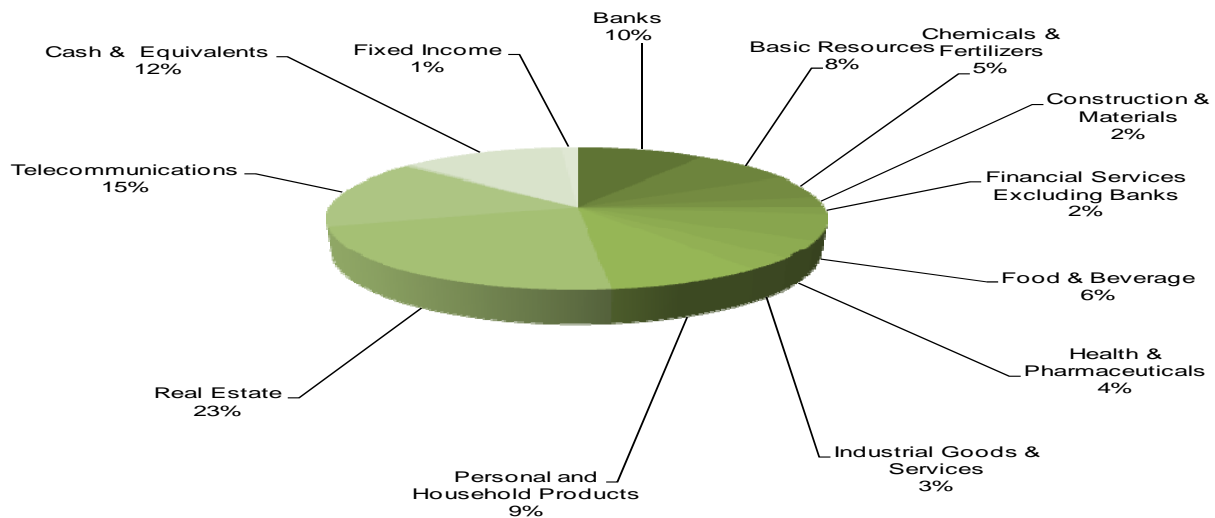
### Top Holdings

Holding	Holding
COMMERCIAL INTERNATIONAL BANK	Banks
T M G HOLDING	Real Estate
Global Telecom	Telecommunications
EZZ STEEL	Basic Resources
JUHAYNA FOOD INDUSTRIES	Food & Beverage

### Fund Information

IC Price (26/06/14) EGP 217.6	Subscription/Redemption Weekly / Weekly
Dividends Distributed Since Inception EGP 298.5	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

### Asst Allocation



For Further Information:

Bank of Alexandria

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