

Bank of Alexandria Mutual Fund No.1

Quarterly Report –Q2-2015

Fund's Performance

The market witnessed heightened volatility during the 2nd quarter of 2015. This came on the back of mixed news including postponing the implementation of the capital gains tax law for two years, escalating Greece debt crisis and the seasonal selling waves from government entities before the fiscal year end. The fund performance for 2Q2015 reached -4.9% while the EGX30 showed a performance of -7.1% for the same period.

Economy & Market Outlook

The Initial Public Offerings (IPO) pipeline resumed during the quarter with the leading developer of master planned communities Emaar Misr offering 600 million shares on Egypt Stock Exchange at a share price of EGP3.80. The IPO witnessed a remarkable success with the private placement being oversubscribed 11.2x while the public tranche was oversubscribed 36.0x. It is worth mentioning that Edita Food Industries showed resilient performance throughout the quarter with approximately 57% increase in its share price. On the company results front, Commercial International Bank (CIB) announced 1Q2015 results with net profit increasing 38% year-on-year reaching EGP1.11bn. The bank's resilient results came on the back of improving interest income and a growing deposit base and loan portfolio. On a separate note, CIB finalized their due diligence process and submitted a binding offer to the Egyptian Financial Supervisory Authority (EFSA) to acquire Citibank's Egyptian retail portfolio. The value of the offer is still not disclosed by the bank. Talaat Moustafa Group (TMG) reported net income of EGP188mn in 1Q2015 showing 17% annual growth. The company's off-plan sales reached EGP1.83bn showing 109% increase compared to 4Q2014 and beating the company's target for the quarter by 21%. Juhayna Food Industries also reported strong results for the quarter with net income increasing 51% year-on-year reaching EGP65.2 million due to a strong margin recovery during 1Q2015.

On the economic front, Egypt received the USD6.0 billion deposit from the GCC at the Central Bank of Egypt. Accordingly, net international reserves jumped during the quarter reaching USD19.6 billion by the end of May 2015 after some debt repayments worth USD 0.9 billion during the month. Standard and Poors (S&P) updated its outlook on Egypt from stable to positive after witnessing gradual economic recovery in the country since 2014. The government announced a target GDP growth of 5% in FY2015/2016 with a strong recovery in public and private investments along with a further cut in fuel subsidies. Foreign direct investments showed strong recovery during 3Q2014/2015 reaching USD3.0 billion. Annual headline inflation accelerated to reach 13.1% in May 2015 compared to 11.0% in the previous month as food prices hiked prior to the month of Ramadan. It is worth mentioning that the government conducted its first international bond sale since 2010 selling USD1.5 billion of 10 year bonds at a yield of 6%. The bond sale witnessed notable success being oversubscribed 3.0x by foreign investors.

Investment Strategy

The fund's current portfolio is diversified between high-beta, cyclical and defensive names to reflect the uncertainty prevailing on the market. The manager will maintain his current equity exposure with a wary stance given the current local and global developments.

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
Q2-2015	-4.9%
Q1-2015	-1.8%
YTD 2015	-6.6%
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	679.2%

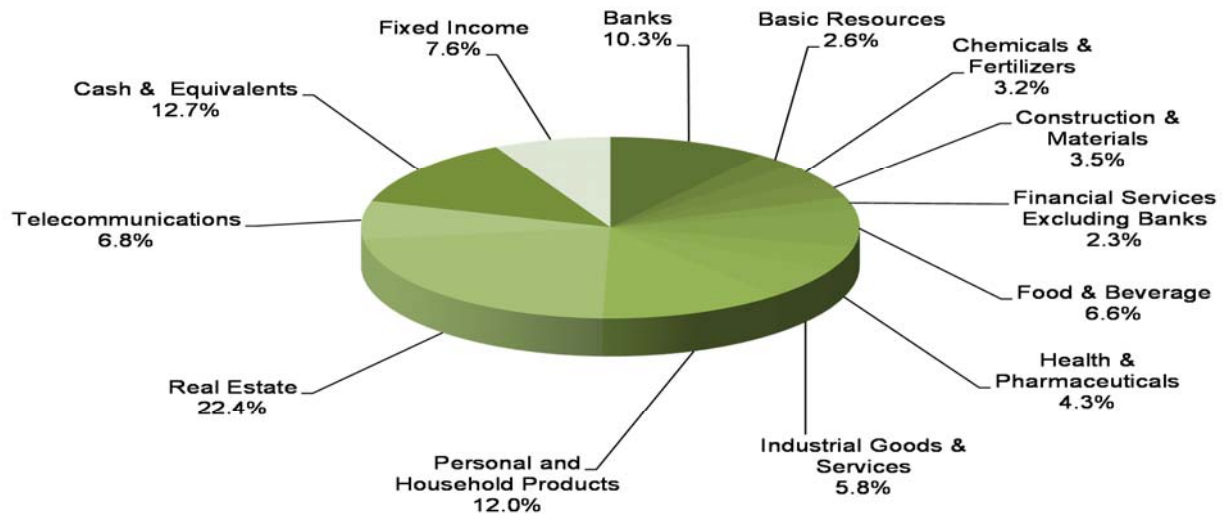
Top Holdings

Holding	Holding
COMMERCIAL INTERNATIONAL BANK	Banks
EASTERN TOBACCO	Personal and Household Products
T M G HOLDING	Real Estate
ELSEWEDY ELECTRIC CO	Industrial Goods, Services & Automobiles
MEDINET NASR HOUSING	Real Estate

Fund Information

IC Price (25/06/15) EGP 215.93	Subscription/Redemption Weekly / Weekly
Dividends Distributed Since Inception EGP 302.5	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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