

Bank of Alexandria Mutual Fund No.1

Quarterly Report –Q4-2015

Fund's Performance

Subdued market activity dominated the trading scene during 4Q2015 with an overall negative sentiment towards the Egyptian stock market. This came with the downing of the Russian airline in November 2015 while the aggressive increase in deposit rates by public sector banks pressured the market further with heavy selling waves. The market slightly gained ground towards the end of the quarter given the attractive prices. The fund performance for 4Q2015 reached -4.0% while the EGX30 showed a performance of -4.6% for the same period.

Economy & Market Outlook

Commercial International Bank (CIB) reported another set of strong results for 3Q2015. Net income reached EGP1.3bn showing 37% increase on a year-on-year basis. This came on the back of strong pick-up in loan growth, increase in interest income and lower operating expenses. CIB also completed the sale of its 45% stake in Commercial International Life Insurance (CIL) to AXA for EGP763m while Orascom Telecom Media and Technology submitted a non-bidding offer to CIB to acquire 100% of its investment banking arm, CI Capital for EGP1.0 billion. With solid recovery in margins, Juhayna Food Industries reported strong 3Q2015 results with net income growing 64% year-on-year reaching EGP88.2 million. This came on the back of improved revenue momentum coupled by lower raw material prices. Talaat Mostafa Group (TMG) reported slowing contracted sales figures for 3Q2015 with stable net income figure for the period reaching EGP137m. The company announced facing challenges regarding the built-up area permits in its Rehab project in addition to the country's overall slowing economic conditions during the quarter. El Sewedy Electric reported positive results for 3Q2015 with net profit jumping to EGP285 million compared to EGP95 million in 3Q2014. This came on the back of improving operating income and lower provision compared to last year. In addition, the company's backlog reached its highest level standing at EGP14.2 billion at the end of the quarter.

On the economic front, the country's GDP accelerated to 4.5% in 4Q2014/2015 compared 3.8% a year earlier. The government announced a target GDP growth for the fiscal year 2015/2016 of 5.0% - 5.5%. Net International Reserves stabilized at USD16.4 billion by the end of November 2015. The Central Bank of Egypt (CBE) surprised the market with a currency appreciation against the USD in November 2015. The FX rate stood at EGP7.73/USD in the CBE auctions and was set at EGP7.83/USD at the banks. It is worth mentioning that the country's two largest banks aggressively increased interest rates by 2.5% on the three year certificate of deposits reaching 12.5%, the highest rate in seven years. On the same note, the Monetary Policy Committee (MPC) at the CBE increased the overnight deposit and lending rates by 50 basis points to 9.25% and 10.25% respectively.

Investment Strategy

The fund manager will opportunistically utilize potential investments over the coming period while maintaining the diversified mix between defensive and consumer stocks and undervalued high beta and real estate names. The manager is cautiously optimistic about the prospects of the Egyptian market bearing in mind the spillover effect from the regional and global markets.

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
Q4-2015	-4.0%
Q3-2015	-8.5%
Q2-2015	-4.9%
Q1-2015	-1.8%
YTD 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	584.7%

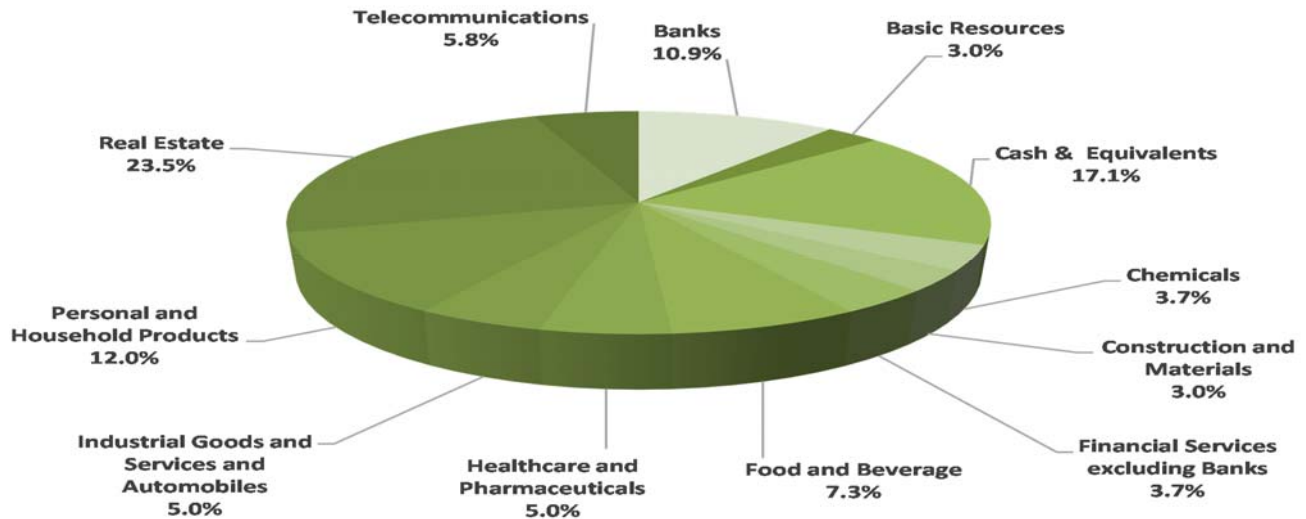
Top Holdings

Holding	Sector
Commercial International Bank Egypt SAE	Banks
Eastern Tobacco	Personal and Household Products
Talaat Moustafa Group	Real Estate
Medinet Nasr Housing	Real Estate
Egyptian International Pharmaceutical Industrial Co	Healthcare and Pharmaceuticals

Fund Information

IC Price (31/12/15) EGP 189.7	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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