

Credit Agricole Mutual Fund No.1

Quarterly Report –Q2-2016

Fund's Performance

The market witnessed heightened volatility throughout the second quarter of 2016 ending with a sharp decline towards the end of June on the back of "the Brexit" which affected global markets especially Europe. Local investors maintained a selling momentum throughout the quarter with net sales amounting to EGP1.8 billion versus EGP311 million net Arab buying and EGP1.5 billion net foreign buying. The fund performance for 2Q2016 reached -6.3% while the EGX30 showed a performance of -7.7% for the same period.

Economy & Market Outlook

The market witnessed its second Initial Public Offering "IPO" of 2016 after Cleopatra Hospital Group concluded the sale of 25% in an IPO deal worth around EGP360 million. The private offering was covered 6.7x, while the public offering was covered 28.6x and the stock started trading in June. On the banking front, Commercial International Bank (CIB) decided not to extend the agreement to sell its stake in CI Capital to Beltone Financial Holding due to failure to obtain regulatory approval. On a separate note, CIB released 1Q2016 results indicating 21.3% growth in net interest income reaching EGP2.27 billion. The growth was mainly volume driven in addition to 0.12% improvement in interest spread. The bank's net operating profit grew only by 7.5% to EGP1.74 billion and the growth in operating profit was lower than growth in net interest income due to a 23.1% increase in operating expenses reaching EGP602 million, and a 5.7% decline in net fees and commissions income to reach EGP379 million. On the other hand, net income increased by 16.6% reaching EGP1.29 billion on the back of a lower tax rate as a result of the change in tax law that occurred in 2015. Global Telecom also released 1Q2016 results indicating 0.9% increase in sales to USD707.1 million. Despite the slow sales growth, the company's EBITDA increased by 15.0%. Moreover, the company's financial restructuring led to a 38.1% drop in interest expense. As a result, the company achieved a net income of USD48.1 million during the quarter compared to a net loss of USD69.9 million in 1Q2015. El Sewedy Electric announced its net profit for 1Q2016, which tripled to EGP785m from EGP239m a year earlier. The company was also awarded two underground transmission line projects in Egypt worth EGP671mn. Juhayna also released 1Q2016 results indicating 27.5% growth in sales amounting to EGP1.10 billion. The company is also targeting a sales increase of 33% during the holy month of Ramadan, supported by new product launches.

On the economic front, UAE announced an aid package to Egypt amounting to USD4.0 billion, of which USD2.0 billion will be kept as a deposit with the Central Bank of Egypt (CBE), and the remaining USD2.0 billion will be invested in developmental projects. Egypt also signed several economic agreements with Saudi Arabia in the fields of electricity, trade & manufacturing and real estate. Both countries also agreed to construct a bridge over the Red Sea connecting the two nations in order to facilitate trade and transportation between them. Moreover, the government submitted to the parliament the new Value Added Tax (VAT) law to replace the sales tax law as part of the country's economic reform program. Headline inflation reached 12.3% in May 2016 compared to 10.27% in April 2016. This is the highest inflation figure since May 2015. Egypt's Net International Reserves increased by 3.0% during May 2016 reaching USD17.52 billion up from USD17.01 in April 2016. This improvement is mainly attributed to higher foreign currency deposits placed at local banks. The CBE increased overnight deposit and lending rates by an additional 1.0% during 2Q2016 to 11.75%, 12.75% and 12.25% respectively during its Monetary Policy Committee (MPC) meeting. This came following the 1.50% hike in 1Q2016 which shows the CBE's commitment to contain inflation.

Investment Strategy

The fund manager will maintain his cautious view of the local market amid the surrounding circumstances on the local and global fronts and will utilize any upward rallies as a selling opportunity. A diversified equity exposure will be maintained focusing on defensive consumer names.



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Fund's Performance

Returns	Credit Agricole Bank Mutual Fund No.1
Q2-2016	-6.3%
Q1-2016	5.8%
YTD	-0.9%
2015	-18.9%
2014	24.1%
2013	27.7%
2012	38.4%
2011	-43.0%
2010	12.3%
2009	15.0%
2008	-42.8%
2007	50.0%
2006	15.4%
2005	70.1%
2004	69.0%
2003	63.4%
2002	11.1%
2001	-16.9%
2000	-14.4%
1999	11.0%
1998	-17.7%
1997	15.1%
Since Inception	680.0%

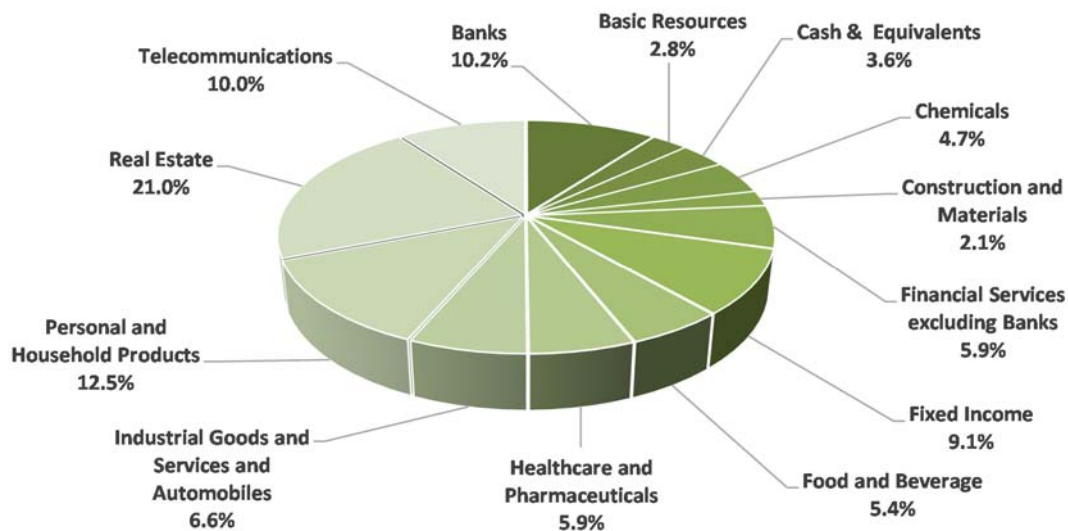
Top Holdings

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

Fund Information

IC Price (29/06/2016) EGP 208.75	Subscription/Redemption Weekly / Weekly
Dividends Distributed Since Inception EGP 267.75	Fund Management EFG-Hermes Asset Management
Inception Date October 1994	Fund Manager Nabil Moussa
Inception Price EGP 100	Assistant fund Manager Mostafa Amer
Bloomberg Ticker EFGCRAI	Reuters Lipper Code 65077564

Asset Allocation



For Further Information:

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