

Banque du Caire Mutual Fund No. 1

Quarterly Report –Q1-2016

Fund's Performance

The market started the year with an overall negative sentiment which was attributed to the global and regional selloff amid continuous pressure on oil prices. The market then moved sideways and towards the end of the quarter the market delivered a stellar performance on the back of Local currency devaluation. The devaluation created an attractive entry point for foreign investors, accordingly, the market witnessed a significant increase in the average daily turnover with strong foreign buying. The fund performance for 1Q2016 reached 6.2% while the EGX30 showed a performance of 7.4% for the same period.

Economy & Market Outlook

The market saw the newest addition to the Egyptian Stock Exchange after Arabian Food Industries (Domty) concluded the sale of 49% in an IPO deal worth around EGP1.0 billion. The private offering was covered 5.5x, while the public offering was covered 10.7x and the stock started trading mid-March 2016. Commercial International Bank (CIB) released FY2015 results with net income reaching EGP4.73 billion in FY2015 from EGP3.74 billion in 2014 showing 26.4% annual increase. This came on the back of a significant improvement in interest income reaching EGP8.12 billion up 29.7% from EGP6.26 billion in FY2014 due to higher interest spread increasing from 3.1% in 2014 to 3.8% in 2015. El Sewedy Cables released 2015 results indicating 20.9% growth in sales from EGP17.01 billion in 2014 to EGP20.57 billion in 2015. This growth was mainly on the back of 2.4x increase in Turnkey revenues reaching EGP6.44 billion reflecting the company's contribution in fast track projects awarded by the Egyptian government in addition to an improvement in gross margin from 14.7% to 18.3%. Eastern Tobacco released 1H15/16 audited results indicating a top line growth of 12.3% reaching EGP3.88 billion. Growth in sales was higher than growth in COGS while the drop in tax rates further enhanced bottom line to increase by 38.1% from EGP586 million to EGP809 million.

On the economic front, the Central Bank of Egypt (CBE) took several stern decisions during the quarter starting with a 13.6% local currency devaluation reaching EGP8.87/USD. The CBE announced that it will adopt a more flexible exchange rate regime that better reflects the underlying forces of supply and demand and lead to greater transparency and liquidity in the market. Moreover, the CBE stated that it targets to increase Net International Reserves (NIR) to USD25.0 billion during 2016 on the back of expected direct and indirect foreign inflows as confidence is restored. Currently NIR remain stable for the third consecutive month at USD16.6 billion. On a separate note, the Monetary Policy Committee (MPC) increased overnight deposit and lending rates by 1.50% to 10.75% and 11.75% respectively aiming to reduce currency speculation and limit expected inflationary pressures post the currency devaluation.

Investment Strategy

The fund manager will maintain the fund's diversified asset allocation between defensive and consumer stocks to weather the volatility in the equity markets in addition to targeting selective undervalued high beta and real estate names to capture any upside movements.



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Fund's Performance

Returns	Banque du Caire Mutual Fund
Q1-2015	6.2%
YTD	6.2%
2015	-18.5%
2014	26.6%
2013	31.3%
2012	43.1%
2011	-47.2%
2010	-8.4%
2009	-4.7%
2008	-52.0%
2007	55.0%
2006	12.4%
2005	80.6%
2004	71.1%
2003	57.3%
2002	14.1%
2001	-13.1%
2000	-12.9%
1999	13.5%
1998	-14.9%
1997	22.0%
Since Inception	531.6%

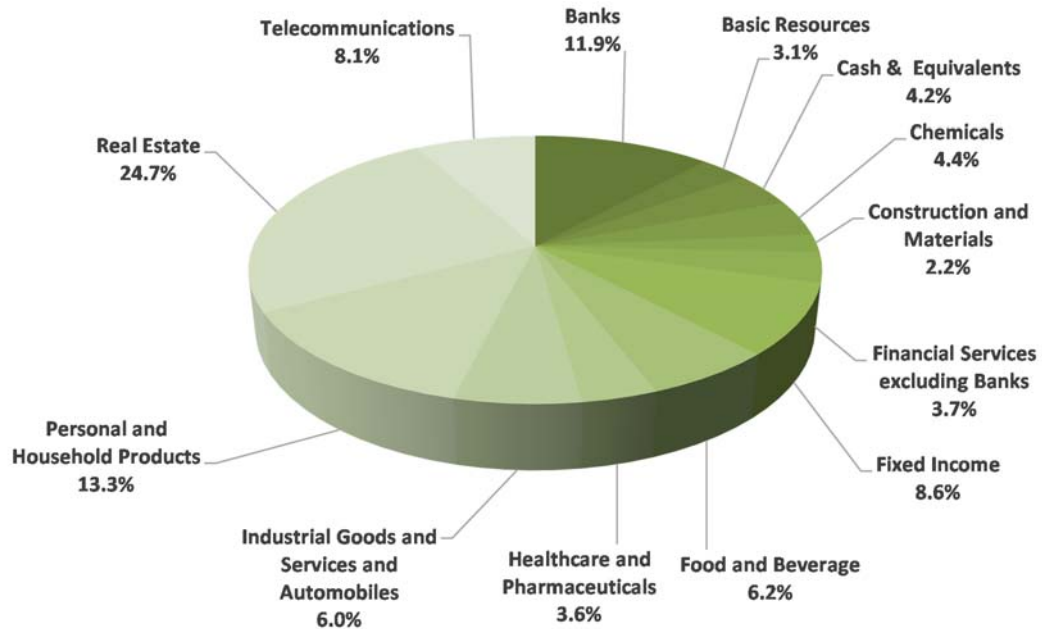
Top Holdings

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

Fund Information

IC Price (31/03/2016) EGP 63.2	Subscription/Redemption Daily except Thursday / Weekly
Dividends Distributed Since Inception EGP 0	Fund Management EFG-Hermes Asset Management
Inception Date November 1995	Fund Manager Nabil Moussa
Inception Price EGP 10	Assistant fund Manager Mostafa Amer
Bloomberg Ticker EFGBNQA	Reuters Lipper Code 65077563

Asset Allocation



For Further Information:

Banque du Caire

Tel: 202-22647818/15/20

Fax: 202-24037303/4055376