

Faisal Islamic Bank of Egypt Fund

Quarterly Report –Q3-2017

Fund's Performance

The Egyptian market increased by 3.68% during the 3Q2017. The market was flat during the first two months of the quarter and showed an increase of 3.50% in September as foreign investors increased their buying momentum in the market. With EGP1.12 billion average daily turnover during the quarter, foreign investors were net buyers by EGP0.86 billion, while Arab investors and Local investors were net sellers by EGP0.17 billion and EGP0.69 billion respectively. The fund performance for 3Q2017 reached 0.5% while the EGX30 showed a performance of 3.7% for the same period.

Economy & Market Outlook

EGX30 announced its semi-annual rebalance removing four companies from the index including Juhayna, Credit Agricole Egypt, Orascom Construction, and GB Auto to be replaced by Alexandria Minerals Oil Company (AMOC), Abu Dhabi Islamic Bank Egypt, Egyptian Financial Industrial Company (EFIC), and Egyptian Chemical Industries (KIMA).

EFG-Hermes acquired 50% in Frontier Investment Management for total of USD21.5 million; this transaction will lead to an increase in EFG-Hermes total assets under management to reach USD4.5 billion. Juhayna released its 1H2017 results with 17.4% growth in operating revenues to reach EGP2.86 billion. However, the company's operating expenses also increased by 17.4% reaching EGP2.48 billion. On the other hand, net income dropped by 22.5% amounting to EGP85 million. This was due to a 56.4% increase in interest expense. El Sewedy Cables released its 1H2017 results reporting 95.7% increase in operating revenues to reach EGP20.66 billion. In addition, net income increased by 84.6% to reach EGP3.01 billion. Moreover, Egyptian International Pharmaceuticals (EPICO) announced its 1H2017 results showing an increase of 25.1% in operating revenues amounting to EGP1.20 billion. The company's net income grew by 67.3% to reach EGP372 million.

On the economic front, the Monetary Policy Committee (MPC) announced increasing the overnight deposit and lending rates by an additional 2.0% to reach 18.75% and 19.75% respectively. In addition, the IMF board approved and disbursed the second tranche (USD1.25 billion) of the USD12.0 billion loan. A presidential statement announced a drop of 1.6% in Egypt's budget deficit. Egypt's GDP growth rate reached 4.1% and it is expected to increase in a range between 4.6% to 4.8% in FY17/18. The government is also expecting that tax revenue will increase to 17% of GDP up from its current level of 13%. According to the Central Bank of Egypt (CBE), net tourism surged from a deficit of USD324 million to a surplus of USD1.6 billion. The CBE also cleared all Egypt's backlog of foreign currency requests that have been pending since the currency flotation in November 2016. Egypt's inflation rate decreased from 33.0% in July to 31.9% in August 2017 while Net International Reserves increased from USD31.3 billion in June 2017 to USD36.1 billion in August 2017.

Investment Strategy

The fund manager maintains an optimistic view on the stock market over the medium term driven by the near term implementation of an expansionary policy by the government. Accordingly, we expect a wave of interest rate cuts by the Central Bank of Egypt, as inflation cools down by end of 2017, which would also be supportive for GDP growth. The manager will alter his sector allocation by reducing exposure to the Banking sector, whose profitability is expected to be negatively affected, and increasing exposure to the Real Estate, Industrial and Consumer Staples sectors, which will be beneficiaries of a growth in investments and higher consumer spending.



THOMSON REUTERS
LIPPER FUND AWARDS 2015
MENA



Fund's Performance

Returns	Faisal Islamic Bank Fund
Q3-2017	0.5%
Q2-2017	2.9%
Q1-2017	8.8%
YTD	12.4%
2016	50.6%
2015	-19.3%
2014	9.9%
2013	20.5%
2012	30.2%
2011	-47.0%
2010	3.2%
2009	10.6%
2008	-37.6%
2007	34.4%
2006	6.0%
2005	63.2%
Since Inception	105.2%

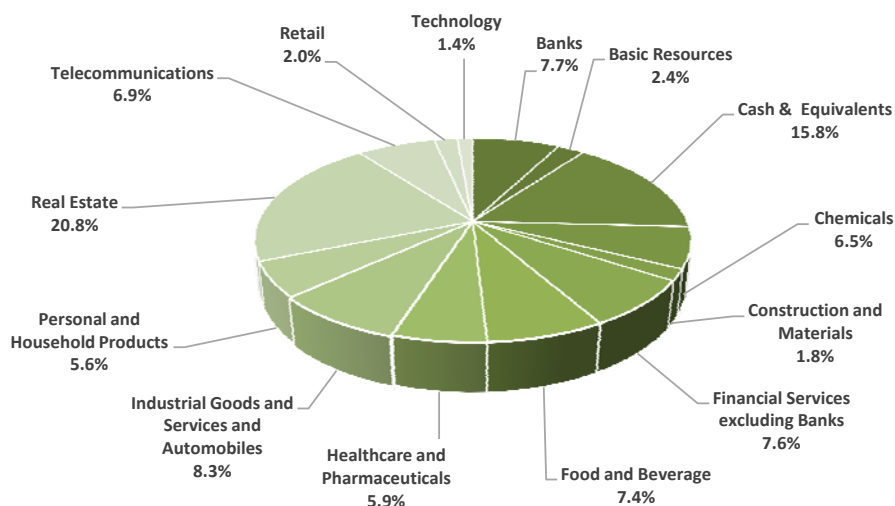
Top Holdings

Holding	Sector
ElSewedy Electric Co	Industrial Goods and Services and Automobiles
Talaat Moustafa Group	Real Estate
Sidi Kerir Petrochemicals Co	Chemicals
Egyptian International Pharmaceuticals EIPICO	Healthcare and Pharmaceuticals
Egyptian Financial Group-Hermes Holding Co	Financial Services excluding Banks

Fund Information

IC Price (24/9/2017) EGP 118.30	Subscription/Redemption Weekly/ Weekly
Dividends Distributed Since Inception EGP 71.0	Fund Management EFG-Hermes Asset Management
Inception Date December 2004	Fund Manager Nabil Moussa
Inception Price EGP 100	Assistant fund Manager Mostafa Amer
Bloomberg Ticker EFGFISL	Reuters Lipper Code 65077570

Asset Allocation



For Further Information:

Faisal Islamic Bank of Egypt

Tel: 202 /37621289-37621287-37621286-37621285

Fax: 202 / 37621281