

Fund Manager's Analysis

Fund's Performance

The market witnessed a stellar performance during the first quarter of 2012 after peaceful progress of parliamentary elections and mixed news on the corporate, economic and political fronts. The fund returns for 1Q 2012 amounted to 21.0% while the EGX30 showed a performance of 38.5% for the same period.

Economy & Market Outlook

The Telecom sector dominated the market with news during the first quarter of 2012. Orascom Telecom Media and Technology (OTMT) signed a memorandum of understanding with France Telecom to sell a 29% stake in Mobinil at EGP202.5/share. The deal was approved during an EGM adding that most of the sale proceeds will be distributed in the form of a special dividend. Moreover, Orascom Telecom's Djezzy returned under the spotlight after an unofficial announcement from the Algerian government stating that it will pay USD6.5bn to acquire a controlling stake in Djezzy. However, the impact of the news was offset with the company announcing that it has received a judgment from the Algerian court with a fine of USD1.3bn. On a separate note, Orascom Construction Industries (OCI) announced FY2011 results showing 12% and 14% annual growth in revenues and net income standing at USD5.5bn and USD677mn respectively. However, the company's earnings for 4Q 2011 showed a quarterly drop of 33% due to weaker construction margins and several one-offs amounting to USD51.5mn.

On the economic front, Egypt's GDP grew by 0.4% year-on-year in 2Q 2011/2012 despite instability in the country's political environment. During the first half of FY2011/2012, the balance of payments witnessed a widened deficit of USD8bn versus a surplus of USD572mn a year earlier, current account deficit also widened to USD4.1bn on the back of low income from tourism while foreign direct investment saw an outflow of USD418mn from an inflow of USD2.3bn in 1H2010/2011. Annual headline inflation accelerated reaching 9.2% in February 2012 due to higher year-on-year food prices. As expected, net international reserves showed a slower depletion rate during February shedding only USD0.7bn and standing at USD15.7bn.

Investment Strategy

In anticipation of increasing political tension over the coming period, and prior to presidential elections, affecting the overall market sentiment, the fund manager reshuffled holdings to realize profits and to utilize market volatility to opportunistically reposition.

Fund Performance

Returns	Faisal Islamic Bank Fund
Q1-2012	21.0%
2011	-47.0%
2010	3.2%
2009	10.6%
2008	-37.6%
2007	34.4%
2006	6.0%
2005	63.2%
Since Inception	5.4%

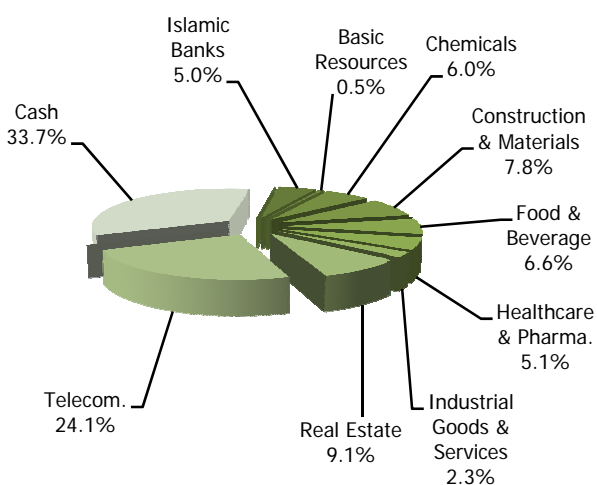
Fund Information

IC Price	EGP 72.69
Total Distributed Dividends	EGP 56.00
Inception Date	December 2004
Subscription/Redemption	Weekly/Weekly
Reuters Code	65077570
Bloomberg Ticker	EFGFISL

Top Holdings

Holding	Sector
MOBINIL	Telecommunication
Telecom Egypt	Telecommunication
Orascom Construction Industries	Construction & Materials
Sidi Kerir Petrochemicals	Chemicals
Juhayna Food Industries	Food & Beverage

Asset Allocation



For Further Information:

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