

## Quarterly report Q1-2025

### Investment Objective

The principal investment objective of the fund is long-term capital appreciation through achieving the highest possible risk-adjusted returns.

### Investment Universe

- The fund invests mainly in securities of companies listed on The Egyptian Stock Exchange
- The fund can also invest in treasury bills, treasury bonds, corporate bonds, securitization bonds and time deposits.

### Subscription/Redemption

- The fund offers daily subscription to investors
- The fund offers weekly redemption to investors
- The valuation day for the fund is the last business day of every week
- Minimum initial investment is 5 ICs

### Fund Details

Type of Scheme	Open Ended
Inception date	April 2008
IC price	EGP 510.75
Dividends Since Inception	EGP 144.74
ISIN	65122941

### Fund Manager

Management company	Hermes Fund Management
Fund Manager	Nabil Moussa
Assistant Fund Manager	Mostafa Amer
Managing since	July 2013

### Contact Details

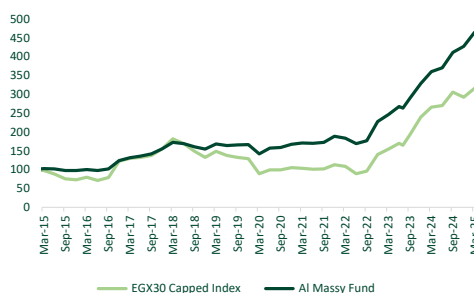
Egyptian Agricultural Bank	
Telephone	+202-27942471
Fax	+202-27948193
Website	<a href="https://www.abe.com.eg/">https://www.abe.com.eg/</a>

## Portfolio

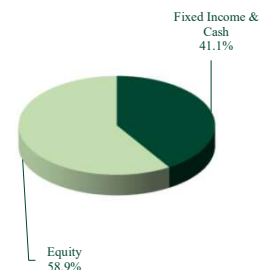
### Performance Figures

Date	Return
Q1-2025	8.8%
YTD	8.8%
2024	29.9%
2023	44.4%
5-YTD	227.1%
Since Inception	688.6%

### Relative Performance



### Asset Allocation



## Market Outlook

### Egyptian Market:

The Egyptian market increased by 7.7% during the first quarter of 2025 with most gains achieved in March with the execution of a tender offer on Ezz Steel from its major shareholder in a plan to delist the company, which released around USD600 million to be reinvested in the market thus boosting liquidity and paving the way for the market increase. We believe that Egypt's upward move is normal and in line with the increase in emerging markets.

We note that corporates operating income increased by 57.0% during 2024 compared to limited upside in the market during 2024 by 19.5%; implying multiple contraction. The market is currently trading at P/E (25e) of 5.6x implying around 40% discount to its 5-years average of P/E of 9.3x.

We believe that the market is lacking a clear catalyst given that local investors are already heavily exposed to the market; while foreign investors presence is muted at around 7% of turnover compared to 15% pre-currency crisis in 2022.

We believe the market has limited downside from here given that already earnings are advancing at much higher pace than average market returns; however, a strong rally in light of the absence of a clear catalyst is doubtful. Finally, we believe that the market cheap valuation will keep the acquisition theme as a catalyst in 2025. However, we note that the acquisition theme is positive on the short term, yet it has negative long-term implications as the market keeps shrinking in terms of breadth and diversity.

### Market Commentary

- Annual headline inflation decelerated to 12.8% in February marking an 11.2% drop from 24.0% recorded a month earlier. The drop marks the lowest inflation reading since March 2022. The drop was mainly attributed to Food and Beverage which dropped nearly 17.1%. Annual core inflation dropped to reach 10% down from 22.6% a month earlier.
- The CBE decided to keep policy rates unchanged in its first meeting of the year held on the 20th February, the overnight deposit and lending rates remained unchanged at 27.25%, and 28.25%, and the main operation and discount rates at 27.75%.
- Egypt's GDP expanded 4.3% Y-o-Y in 4Q24, up from 2.3% in the year before.
- Egypt's net foreign reserves rose by \$363mn in March to reach \$47.76bn.
- Egypt's PMI dropped to 49.2 in March from 50.1 in February.
- Average T-Bonds Net rate Q1 2025:
  - 3Yrs: 17.25%
  - 5Yrs: 12.00%
  - 7Yrs: 12.40%
  - 10Yrs: 11.74%

### Strategy

- The fund manager will continue deploying cash in longer tenors, to increase the duration and take advantage of higher rates.