

Fund Manager's Analysis

Fund's Performance

After the resumption of market activity late March, the market took a beating in April on the back of large selling waves by foreign investors. In May, bargain hunters stepped in (mostly local and Arab investors) aided with announcements of foreign aid packages to support the Egyptian economy. The Fund returns for 2Q 2011 amounted to 0.9% while the EGX30 showed a performance of -1.7% for the same period.

Economy & Market Outlook

Several companies announced 1Q2011 results. On the banking front, Commercial International Bank (CIB) reported a 42% year-on-year drop in net income mainly owing to higher provisions. Most importantly, the bank's core banking income remained resilient owing to continued growth in loans and deposits, margins and stable NPLs ratio. National Societe Generale Bank (NSGB) reported a 3% year-on-year increase in net profit amounting to EGP364mn, on the back of lack of goodwill amortization during the quarter vs. 1Q2010. Orascom Construction Industries (OCI) reported strong 1Q 2011 results with revenues growing 28% year-on-year reaching USD1.26bn mainly driven by the company's fertilizers business that witnessed strong demand throughout the quarter. Talaat Mostafa Group reported a huge quarter-on-quarter increase in net income of 122% due to higher recognition of revenues as the company started to deliver units in its mega project Madinaty. Sidi Krir Petrochemicals reported year-on-year increase in sales of 20% during the quarter on the back of higher polyethylene prices while net income before tax grew 28% year-on-year due to high utilization rates and non-operating income.

On the economic front, the country's GDP growth rate contracted 4.2% in the 3rd quarter of the fiscal year 2010/11, as expected, owing to disruptions in business activity. Foreign investments dropped 26% year-on-year in 1Q2011. Furthermore, the government reduced its budget deficit goal for FY 2011/2012 from previously announced 11% to 8.6% of GDP. Headline Inflation decelerated to 11.8% year-on-year in May from 12.1% year-on-year in April driven by monthly declines in food prices while core inflation inched up to 8.8% year-on-year for the same period. On a separate note, Egypt has signed its first MoU with Saudi Arabia regarding an aid package worth USD4 billion in the form of loans, grants and development projects.

Investment Strategy

As market volatility persists in reaction to news headlines over the coming period, the fund manager would continue to position the Fund to benefit from trading opportunities keeping a core position for long-term capital appreciation.

For Further Information:

Credit Agricole Bank

Tel: 202-27391623
Fax: 202-27380584

Fund Performance

Returns	Credit Agricole Bank Mutual Fund No.1
Q2 2011	0.9%
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	510.3%

Fund Information

IC Price	EGP 180.04
Total Distributed Dividends	EGP 248.75
Inception Date	October 1994
Subscription/Redemption	Weekly/Weekly

Top Holdings

Holding	Sector
Talaat Mustafa Group	Real Estate
Commercial International Bank	Banks
Orascom Construction Industries	Construction & Materials
NSGB	Banks
El Ezz Steel Rebars	Basic Resources

Asset Allocation

