

## Fund Manager's Analysis

### Fund's Performance

During the second quarter of 2012, the country completed a significant step of its political transition into a democratic state after choosing its first freely elected president. Nevertheless, the market witnessed increased volatility during the quarter owing to mixed news on the corporate, economic and political fronts. The fund returns for 2Q 2012 amounted to 2.5% while the EGX30 showed a performance of -6.2% for the same period.

### Economy & Market Outlook

Company results announcements dominated the market during the second quarter of 2012. On the banking front, Commercial International Bank (CIB) announced strong results for 1Q2012 with net income reaching EGP505mn showing 64% year-on-year increase due to higher net interest margin and a much lower booked provisions compared to 1Q2011. On the telecom front, Telecom Egypt (TE) also reported very strong 1Q2012 results with total revenues reaching EGP2.7bn showing an annual increase of 11.5% on the back of strong retail and wholesale revenue while net income reached EGP912mn, showing a quarter-on-quarter increase of 56% versus EGP584mn in 4Q2011. Orascom Telecom Holding (OT) released 1Q2012 results with total revenue reaching USD900mn. Net income for the company reached USD116mn in 1Q2012 versus net loss of USD91mn in 4Q2011 on the back of high FX gains compared to the previous quarter. Heavy weight, Orascom Construction Industries (OCI) also announced 1Q2012 consolidated results with revenues reaching USD1.3bn showing a year-on-year growth of 1.4%. The company's net income declined during the quarter reaching USD94mn on the back of lower operating margins during the quarter while the backlog reached USD6.5bn showing a 15.5% year-on-year increase with new awards during 1Q2012 only amounting to USD841mn.

On the economic front, Egypt's GDP grew by 5.2% year-on-year in 3Q FY2011/2012. The growth came on the back of higher private sector investments as well as better performing economic sectors mainly tourism, construction and telecommunications. Furthermore, net international reserves had their first pick up since December 2010 during the quarter and continued its increase reaching USD15.5bn. Annual headline inflation continued to decline reaching 8.3% in May 2012 due to lower food prices.

### Investment Strategy

The fund manager maintains its cautiously optimistic stance over the coming period with an eye on the closure of the long awaited IMF deal and the formation of a new government. The manager will exploit prevailing market volatility to benefit from short term trading opportunities while maintaining long term core positions in blue chips and defensive names.

## Fund Performance

Returns	Bank of Alex Mutual Fund No.1
Q2-2012	2.5%
2011	-47.4%
2010	6.3%
2009	7.1%
2008	-56.3%
2007	57.1%
2006	14.9%
2005	89.4%
2004	82.9%
2003	64.7%
2002	12.0%
2001	-15.0%
2000	-13.1%
1999	15.9%
1998	-16.6%
1997	18.5%
Since Inception	381.6%

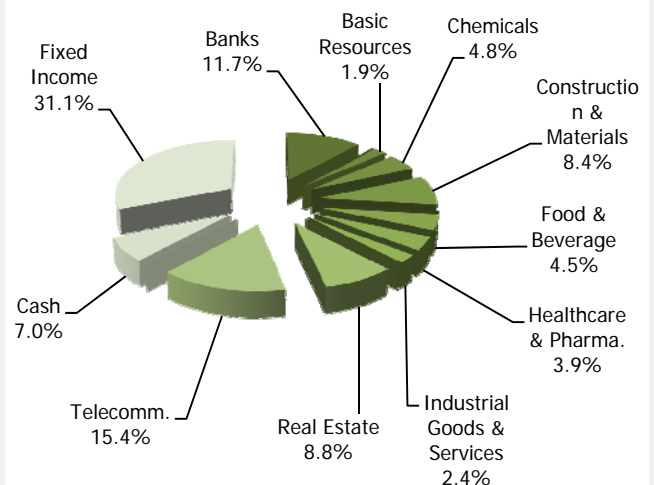
## Fund Information

IC Price	EGP 143.31
Total Distributed Dividends	EGP 288.50
Inception Date	November 1994
Subscription/Redemption	Weekly/Weekly
Reuters Code	65077561
Bloomberg Ticker	EFGALXA

## Top Holdings

Holding	Sector
Orascom Construction Industries	Construction & Materials
Commercial International Bank	Banks
Telecom Egypt	Telecommunication
Talaat Mostafa Holding	Real Estate
Sidi Krir Petrochemicals	Chemicals

## Asset Allocation



For Further Information:

Bank of Alexandria

Tel: 202-37623170/67/68/69