

Fund Manager's Analysis

Fund's Performance

The market witnessed continued local street instability in addition to renewed correlation with global markets after the US downgrade and European sovereign debt which further weighed the market during the third quarter of the year. Market turnover reached its lowest levels since the beginning of the year with the market recording an average daily turnover amounting to USD50 million in September. The Fund returns for 3Q 2011 amounted to -22.3% while the EGX30 showed a performance of -23.0% for the same period.

Economy & Market Outlook

The much anticipated 1H2011 results dominated the market during the third quarter of the year. Construction & fertilizer giant Orascom Construction Industries (OCI) announced its 2Q2011 results reporting net income of USD165 million showing an increase of 15% year-on-year and a drop of 20% quarter-on-quarter on the back of the recently implemented tax increase. On the banking front, Commercial International Bank (CIB) reported 2Q2011 results showing a 44% quarter-on-quarter increase in net income standing at EGP443 million on the back of recovery in interest income from depressed levels in 1Q2011 in addition to lower loan provision charges. National Societe Generale Bank (NSGB) reported 2Q2011 results with net income reaching EGP369 million showing an increase of 1% and 14% on a quarter-on-quarter and year-on-year basis respectively. Talaat Mostafa Group (TMG) reported net income of EGP202 million in 2Q2011 showing an increase of 18% quarter-on-quarter on the back of better hotel revenues while on the other hand year-on-year figure showed a drop of 41% due to lower real estate revenues. Citadel Capital released its 1Q2011 results reporting a widened net loss of EGP111.3 million and revenues of negative EGP48.1 million due to recognizing negative EGP63.6 million in revenues as Citadel Capital's share of the net losses of its associates. On the other hand the company's assets under management grew 11% year-on-year standing at USD4.1 billion.

On the economic front, the Egyptian government announced FY2010/2011 figures, reporting economic growth of 1.9% for the full year. Suez Canal revenues reported the largest annual growth of 11% while tourism showed an annual drop of 5.9%. Headline inflation reached its lowest levels in almost four years reaching 8.5% year-on-year in August 2011 vs. 10.4% in July 2011 on the back of lower food prices. Core inflation showed a notable decline as well reaching 7% in August 2011 versus 8.7% in July 2011.

Investment Strategy

With parliamentary elections nearing, the manager believes market volatility that emanates from current political instability will offer interesting opportunities for the manager to participate in, especially given the attractive valuation multiples that are currently present in operationally sound names.

For Further Information:

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Fund Performance

Returns	Credit Agricole Bank Mutual Fund No.1
Q3 2011	-22.3%
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	374.1%

Fund Information

IC Price	EGP 139.85
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
Sidi Kerir Petrochemicals	Chemicals
NSGB	Banks

Asset Allocation

