

Fund Manager's Analysis

Fund's Performance

The third quarter of 2012 was the first time we see three consecutive months with positive returns since the January 2011's political turmoil, owing to positive sentiment from local and gulf investors towards the Egyptian market. Furthermore, political reformation along with several promised aid packages and M&A deals served as a strong catalyst to revive foreign investors' confidence in the Egyptian market. The fund returns for 3Q2012 amounted to 18.9% while the EGX30 showed a performance of 25.0% for the same period.

Economy & Market Outlook

The banking sector delivered strong results for 2Q2012 with Commercial International Bank (CIB) net profit growing by 18% year-on-year reaching EGP523 million on the back of improved net interest income as well as higher trading and investment income. National Societe Generale Bank (NSGB) also reported strong results for 2Q2012 as the net income for the bank reached EGP436 million showing a year-on-year growth of 18%. The income growth for the bank was driven by solid growth in loans, net interest income, in addition to lower operating costs. It is worth mentioning that Societe Generale has received an expression of interest (EoI) from Qatar National Bank (QNB) for a potential sale of its 77.2% stake in National Societe General Bank (NSGB). Accordingly, NSGB stock witnessed a rally rising 39% during the end of 3Q2012 while other listed banks showed an average increase in price of approximately 20%. Construction giant, Orascom Construction Industries (OCI) announced 2Q2012 results with total revenues and net income reaching USD1.35 billion and USD119 million showing a quarter-on-quarter growth of 5% and 28% respectively while the construction backlog for the company stood at USD5.9 billion by the end of the quarter.

On the economic front, Egypt's GDP grew by 3.3% year-on-year in 2Q2012 bringing FY2011/2012 GDP growth to 2.2%. Government officials have announced that the country's targeted GDP growth for FY2012/2013 is 4%-4.5%, depending on increasing public and private sector investment flows. During the 3Q 2012 several aid pledges were announced including an USD18 billion investments from Qatar in tourism and industry projects over the coming five years. Annual headline inflation remained stable at 6.4% in August while annual core inflation slightly increased to 6.5% in August compared to 6.34% in July.

Investment Strategy

After the recent rally which the market witnessed during the end of 3Q 2012, the fund manager will cautiously lower the equity exposure level for the fund during the coming period. The fund manager will work on reshuffling the fund's holdings through locking-in profits on cyclical names and stocks that have seen the highest rallies year-to-date, while focusing on stocks offering deep value and high dividend yield.

For Further Information:

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Fund Performance

Returns	Banque du Caire Mutual Fund
Q3-2012	18.9%
2011	-47.2%
2010	-8.4%
2009	-4.7%
2008	-52.0%
2007	55.0%
2006	12.4%
2005	80.6%
2004	71.1%
2003	57.3%
2002	14.1%
2001	-13.1%
2000	-12.9%
1999	13.5%
1998	-14.9%
1997	22.0%
Since Inception	357.7%

Fund Information

IC Price	EGP 45.8
Inception Date	November 1995
Subscription/Redemption	Daily except Thursday/Weekly
Reuters Code	65077563
Bloomberg Ticker	EFGBNQA

Top Holdings

Holding	Sector
COMMERCIAL INTERNATIONAL BANK	Banks
ORASCOM CONSTRUCTION INDS	Construction & Materials
T M G HOLDING	Real Estate
ORASCOM TELECOM HOLDING	Telecommunications
EZZ STEEL	Basic Resources

Asset Allocation

