

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 13.6% while the EGX30 showed a performance of 25.0% for the same period.

Economy & Market Outlook

The market saw several company results announcements during the 3Q 2012 including the construction giant, Orascom Construction Industries (OCI) which 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 real estate front, Talaat Mostafa Group (TMG) announced 2Q2012 results exhibiting strong improvement in the company's pre-sales which reached EGP1.34 billion during the quarter. Total revenues for the group reached EGP1.09 billion while net income reached EGP155 million.

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	Faisal Islamic Bank Fund
Q3-2012	13.6%
2011	-47.0%
2010	3.2%
2009	10.6%
2008	-37.6%
2007	34.4%
2006	6.0%
2005	63.2%
Since Inception	20.1%

Fund Information

IC Price	EGP 80.01
Total Distributed Dividends	EGP 58.50
Inception Date	December 2004
Subscription/Redemption	Weekly/Weekly
Reuters Code	65077570
Bloomberg Ticker	EFGFISL

Top Holdings

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

Asset Allocation

