

Bank of Alexandria Fixed Income Fund Quarterly Report – Q1-2015

Fund's Performance

The Fund achieved annualized returns of 13.03% net of fees and tax by the end of 1Q2015. In comparison, the one-year treasury-bill yield reached an average of 9.24% and money market funds in the market achieved an average return of 8.35% over the same period.

Economy & Market Outlook

The fixed income market continued its downward trend during the first quarter of 2015. Interest rates witnessed a sharp drop in the beginning of the quarter with some tenors reaching their lowest levels in three years after the Central Bank of Egypt (CBE) has cut interest rates by 0.5%. The drop in yields came on the back of excess liquidity and market expectations of further interest rate cuts by the Monetary Policy Committee (MPC). However, when interest rates were kept unchanged, yields increased by approximately 0.47%. Towards the end of the quarter, the 3 year, 5 year, 7 year and 10 year treasury bonds reached an average net of tax rate of 9.79%, 10.16%, 10.55% and 11.54% respectively.

The Egyptian Economic Development Conference was the highlight of the quarter witnessing massive attendance from regional and international delegates; showing an evident success. The total value of investments, loan agreements, and grants secured during the conference reached USD60bn, of which USD36.2bn were in the form of investment agreements, USD18.6bn in EPC contracts, and USD5.2bn in loans signed with the Ministry of International Cooperation. On top of that, GCC countries announced additional investments and deposits at the Central Bank of Egypt (CBE) worth USD12.5bn.

Egypt's GDP showed 4.5% growth in 2Q2014/2015 versus 1.4% in 2Q2013/2014 showing economic recovery post the reform measures implemented in 2014. It is worth mentioning that during the quarter the Central Bank of Egypt (CBE) allowed the EGP to depreciate against the USD by almost 6% reaching EGP7.53/USD in addition to imposing a limit on USD cash deposits in banks, thus, eliminating the gap between the black and official market.

Investment Strategy

The fund manager will maintain current duration being cautiously optimistic about the fixed income market over the coming period. The manager expects yields to move sideways on the short term until pledged investments and economic plans announced in the economic development conference start to materialize.

EFG Hermes Asset Management Top Asset Manager in Egypt in 2014

EFG Hermes named **Best Asset Manager** in Egypt.

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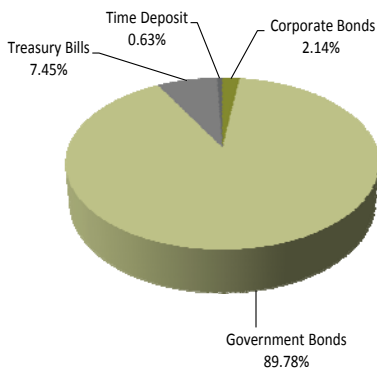
Fund's Performance

Returns	BOA FI Returns
Q1 2015	13.03%
2014	8.70%
2013	14.56%
2012	11.36%
2011	7.68%
Since Inception (Annualized)	10.50%
Since Inception	64.90%

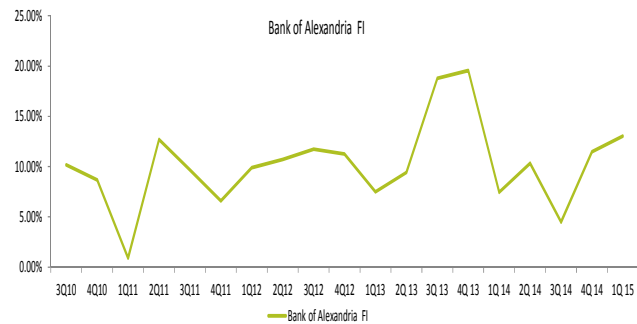
Fund Information

IC Price (29/03/15) EGP 16.0634	Subscription Weekly (No Fees) until 12 pm Redemption Monthly (No Fees) until 12 pm
Fund Size (29/03/15) EGP 98,200,237	Fund Management EFG-Hermes Asset Management
Duration (29/03/15) Days 661.59	Fund Manager Khalil El Bawab
Dividends Distributed Since Inception EGP 0.25	Assistant fund Manager Karim Zaafan
Inception Date 05 April 2010	Reuters Lipper Code 68074583
Inception Price EGP 10	Bloomberg Ticker EFGBOAF

Top Holdings



Performance



For Further Information:

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