

## Bank of Alexandria Fixed Income Fund Quarterly Report – Q2-2015

### Fund's Performance

The Fund achieved annualized returns of 6.98% net of fees and tax by the end of 2Q2015. In comparison, the one-year treasury-bill yield reached an average of 9.44% and money market funds in the market achieved an average return of 8.33% over the same period.

### Economy & Market Outlook

The fixed income market showed slight stability in the beginning of 2Q2015 after its downfall during the previous quarter. However, yields increased significantly on all tenors mid 2Q2015 by approximately 1.1% followed by a slight drop by the end of June 2015. 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 10.79%, 10.78, 11.68% and 12.03% respectively.

It is worth mentioning that the government conducted its first international bond sale since 2010 selling USD1.5 billion of 10 year bonds at a yield of 6%. The bond sale witnessed notable success being oversubscribed 3.0x by foreign investors.

On the economic front, Egypt received the USD6.0 billion deposit from the GCC at the Central Bank of Egypt. Accordingly, net international reserves jumped during the quarter reaching USD19.6 billion by the end of May 2015 after some debt repayments worth USD 0.9 billion during the month. Standard and Poors (S&P) updated its outlook on Egypt from stable to positive after witnessing gradual economic recovery in the country since 2014. The government announced a target GDP growth of 5% in FY2015/2016 with a strong recovery in public and private investments along with a further cut in fuel subsidies. Foreign direct investments showed strong recovery during 3Q2014/2015 reaching USD3.0 billion. Annual headline inflation accelerated to reach 13.1% in May 2015 compared to 11.0% in the previous month as food prices hiked prior to the month of Ramadan.

### Investment Strategy

The fund manager will maintain current duration for the fund with a possibility of a reduction on the short term. Yields are expected to increase during coming quarter along with a possibility of a hike in interest rates during the coming Monetary Policy Committee (MPC) meeting on the back of EGP devaluation against the USD and the introduction of the Value Added Tax to the market. Accordingly, the fund manager will start increasing duration through building positions on the longer end of the yield curve.

## EFG Hermes Asset Management Top Asset Manager in Egypt in 2014

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

emeafinance  
Europe • Middle East • Africa



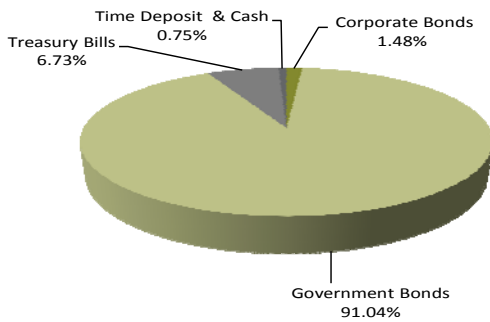
### Fund's Performance

Returns	BOA FI Returns
Q1 2015	13.03%
Q2 2015	6.98%
YTD	10.12%
2014	8.70%
2013	14.56%
2012	11.36%
2011	7.68%
Since Inception (Annualized)	10.34%
Since Inception	67.35%

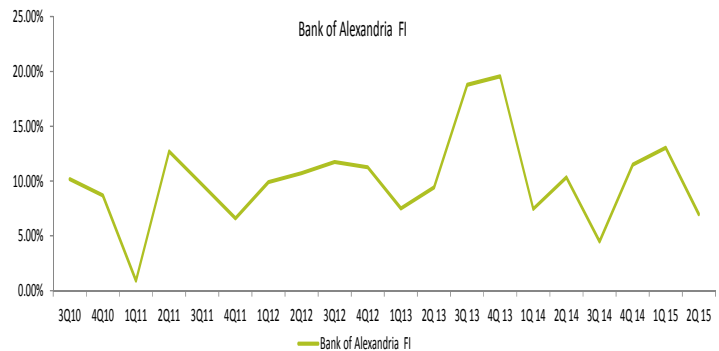
### Fund Information

IC Price (28/06/15) <b>EGP 16.3429</b>	Subscription <b>Weekly (No Fees) until 12 pm</b> Redemption <b>Monthly (No Fees) until 12 pm</b>
Fund Size (28/06/15) <b>EGP 99,892,470</b>	Fund Management <b>EFG-Hermes Asset Management</b>
Duration (28/06/15) <b>Days 836.92</b>	Fund Manager <b>Khalil El Bawab</b>
Dividends Distributed Since Inception <b>EGP 0.25</b>	Assistant fund Manager <b>Karim Zaafan</b>
Inception Date <b>05 April 2010</b>	Reuters Lipper Code <b>68074583</b>
Inception Price <b>EGP 10</b>	Bloomberg Ticker <b>EFGBOAF</b>

### Top Holdings



### Performance



For Further Information:

Please visit the nearest BOA branch, or call BOA 202-37623167/68/69/70