

**Quarterly Report**  
**3Q 2018**

**Investment Objective**

The principal investment objective of the fund is long-term capital appreciation through achieving the highest possible risk-adjusted returns.

**Investment Universe**

- The fund invests mainly in treasury bills, treasury bonds, corporate bonds, securitization bonds and time deposits.

**Subscription/Redemption**

- The fund offers weekly subscriptions to investors  
- The fund offers monthly redemptions to investors  
- The valuation of the fund is daily  
- Minimum initial investment is 100 IC's

**Fund Details**

Type of scheme	Open Ended
Inception date	April 2010
IC price	EGP 21.73262
Dividend since Inception	EGP 0.25
Duration	2.06 years
Fund Size	EGP 64.89 million
Bloomberg Ticker	EFGBOAF
ISIN	68074583

**Fund Manager**

Management Company	Hermes Fund Management
Fund Manager	Khalil El Bawab
Assistant Fund Manager	Karim Zaaan

**Contact Details**

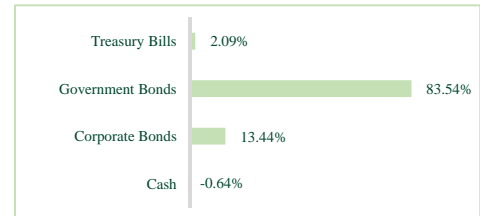
Bank of Alexandria	
Telephone	19033
Website	<a href="https://www.alexbank.com/En">https://www.alexbank.com/En</a>

**Portfolio**

**Performance Figures**

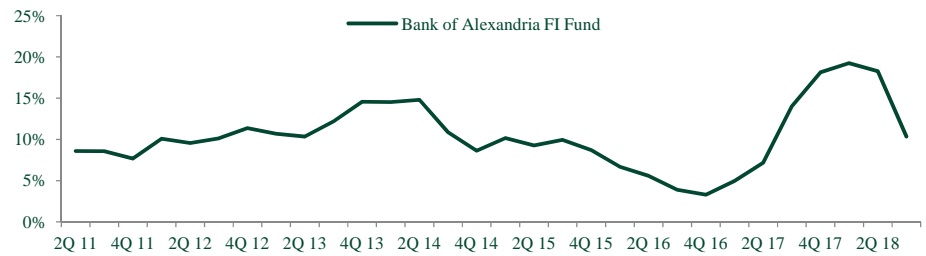
Date	Return*
YTD	5.32%
2017	18.13%
1 Year	10.34%
5-Years	59.31%
Since Inception	122.54%

**Asset Allocation**



\* Simple Performance Figures

**Performance\*\***



\*\* Simple Performance Figures

**Market Outlook**

**Market Commentary**

- ≡ The FI market quarter started with the continuation of rising yields due to increasing global pressures, foreign investors sell-offs and rising commodity prices.
- ≡ In addition, the government did not decrease its issuance of corridor-linked deposits, causing further liquidity crunch in EGP market.
- ≡ During the month of September, high yields requested by investors in the midst of sell-off have risen the debt burden. As a result, the Ministry of finance cancelled four consecutive auctions as costly interest payments weighs on its budget deficit.
- ≡ As Expected, The Monetary Policy Committee Held rates unchanged during both 16-Aug and 27-Sep meeting.
- ≡ The quarter closed at (Gross Yields):
  - ≡ 3 years 18.25%
  - ≡ 5 Years 18.35%
  - ≡ 7 years 18.28%
  - ≡ 10 years 18.40%

**Economic Update**

- ≡ Tourism revenues jumped in 1H18 to reach USD4.8 billion a growth of 77% from 1H17
- ≡ Moody's upgrades outlook on Egypt from stable to positive. The decision was based on the improvements in the economic and business environments as a result of the ongoing economic reform program
- ≡ The Ministry of Finance announced that foreign holdings in Egyptian Treasuries stood at USD14.2 billion at end of August down 38.5% from USD23.1 billion at the end of March. The drop is a normal reflection of foreign outflows from emerging markets across the past months.
- ≡ Net International Reserves stood at USD44.4 Billion as of August 2018
- ≡ Inflation rate rose to 14.2% in August from 13.5% in July 2018.

**Strategy**

- ≡ The Fund manager will closely monitor the market to benefit from the expected upcoming volatility.
- ≡ Corporate issues remains a good yield enhancer with very low volatility.