

**Quarterly Report
Q4 2019**

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 27.47850
Dividend since Inception	EGP 0.25
Duration	2.20 years
Fund Size	EGP 89.12 million
Bloomberg Ticker	EFGBOAF
ISIN	68074583

Fund Manager

Management Company	Hermes Fund Management
Fund Manager	Karim Zaafan

Contact Details

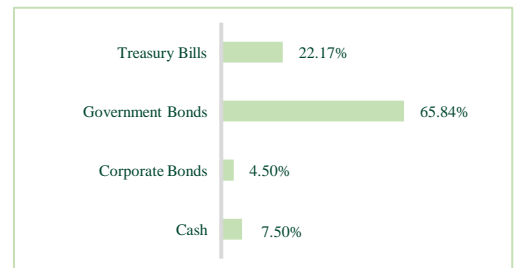
Bank of Alexandria	
Telephone	19033
Website	https://www.alexbank.com/En

Portfolio

Performance Figures

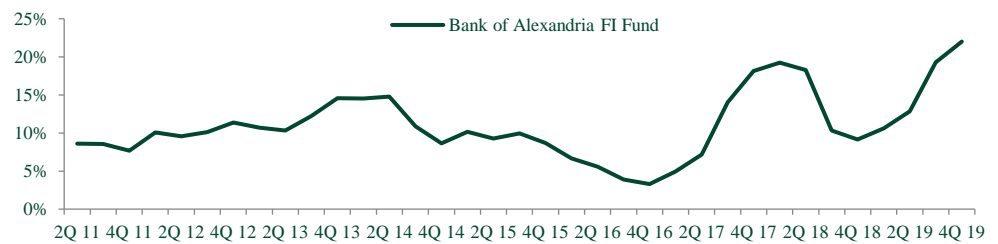
Date	Return*
YTD	22.00%
2019	22.00%
2018	9.15%
5-Years	76.62%
Since Inception	181.37%

Asset Allocation



* Simple Performance Figures

Performance**



** Simple Performance Figures

Market Outlook

Market Commentary

- ≡ Emerging Markets local debt continued looking attractive during the Quarter to investors seeking high yields, especially as global central banks signalled policy easing.
- ≡ Egypt's Treasury market remained highly attractive, as both the primary and secondary market have witnessed heavy demand from both local and foreign investors rushing for high yields.
- ≡ Foreign holdings of Egyptian debt stood at USD21bn by the end of November
- ≡ Treasury bonds auction coverage ratio during the quarter averaged at 2.27x
- ≡ Egypt's annual headline inflation accelerated to 7.1% in December from 3.6% in the previous month.
- ≡ The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) has decided to cut the benchmark overnight deposit and lending rates by 100 bps to 12.25% and 13.25%, respectively during the November meeting. This marks the removal of the 650bps, out of the 700bps that were introduced after the EGP float in 2016.
- ≡ The quarter closed at 3 years 13.70%, 5 Years 13.74%, 7 years 13.75% and 10 years 13.75%

Economic Update

- ≡ Egypt's Ministry of Planning announced that GDP grew by 5.6% in 1Q19/20 compared to a growth of 5.3% in the corresponding quarter of the fiscal year 2018/2019. We highlight that the government is targeting 6.0% GDP growth for the full fiscal year 2019/2020.
- ≡ The CBE announced increasing retail clients debt burden ratio to 50% of monthly salary up from 35% previously set in January 2016. The debt burden ratio implies for personal loans, credit card payments, and car loans, while housing loans burden ratio remains unchanged at 40%.
- ≡ Fitch affirmed Egypt's rating at 'B+' with a stable outlook. The credit agency indicated that its rating is a reflection of the improvement in macroeconomic stability and external finances yet the relatively weak governance along with security risks still weigh on the overall rating.
- ≡ Unemployment rate dropped to 7.8% in 3Q19 down from 10.0% in 3Q18, yet inched higher from the 7.5% recorded in 2Q19. The overall employment force increased by 0.34 million to 28.4 million people with unemployment limited to 2.2 million people out of Egypt's total work force.
- ≡ Egypt's Net International Reserves inched upwards from USD45.35 billion to USD45.40 billion thus maintaining import coverage ratio at 8 months.

Strategy

- ≡ The Fund manager will closely monitor the market, as it is expected that the coming period will show some volatility of which trading opportunities may present themselves. The Manger will attempt to benefit from such opportunities in the short run while maintaining the long-term view of continuation of the easing cycle.