

Bank of Alexandria Fixed Income Fund

Quarterly Report – Q3-2014

Fund's Performance

The Fund achieved annualized returns of 4.48% net of fees and taxes by the end of 3Q2014. In comparison, the one-year treasury bills' yield reached an average of 12.10%, fixed income funds achieved an average return of 6.62% and, money market funds in the market achieved an average return of 7.9% over the same period.

Economy & Market Outlook

Yields of fixed income instruments ended the quarter with an increase after witnessing much volatility throughout the period. The MPC decided to increase the corridor rate by 1% during their meeting in July in a preemptive move to counter the expected inflationary impact from the subsidy reform and the energy price increases. Moreover, the issuance of the Suez Canal investments certificates during September added temporary pressure by slightly drying up liquidity in the market, forcing yields higher. By the end of the quarter, the 3 year, 5 year and 7 year treasury bonds were trading in the market at an average net of tax rate of 11.25%, 11.72% and 12.41% respectively.

As for economic developments, the government announced the digging of a new canal waterway as part of the Suez Canal Development mega project. The new Suez Canal was financed through the issuance of 5-year debt certificates to the public. The certificates offered annual interest of 12% and the total proceeds from its sale came above the amount the government was looking to raise; reaching EGP 64 billion. The certificates issue attracted EGP27 billion of fresh cash from outside the banking system and even helped ease FX pressure, as USD1.5 billion of foreign currency deposits were exchanged into local currency to purchase the certificates. Moreover, the minister of investment disclosed that the government will announce a new investment stimulus package worth EGP64 billion to be executed over two phases in accordance with Egypt's new budget. As for net international reserves (NIR), it saw an increase to reach USD16.8 billion in August, while inflation continued to increase reaching 11.5% in August from 11% in July.

Investment Strategy

Yields are expected on the short term to witness some stability or slight increase; therefore, the fund manager will maintain a medium duration for the fund's investments. The fund manager continues to be optimistic about the implementation of economic reforms and is expecting yields to ease on the longer term.

EFG Hermes Asset Management Top Asset Manager in Egypt in 2014

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

emeafinance
Europe • Middle East • Africa



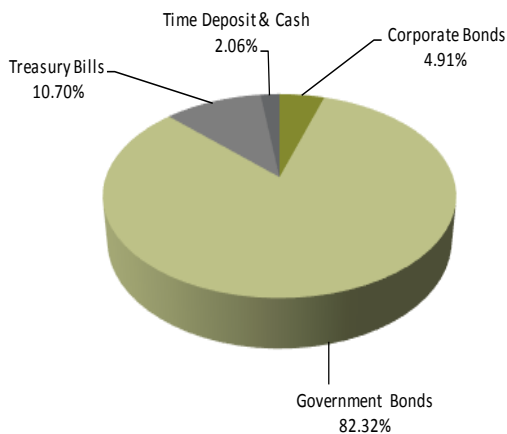
Fund's Performance

Returns	BOA FI Returns
Q3 2014	4.48%
Q2 2014	10.34%
Q1 2014	7.45%
YTD since (31-12-2013)	7.56%
2013	14.56%
2012	11.36%
2011	7.68%
Since Inception (Annualized)	10.25%
Since Inception	54.88%

Fund Information

IC Price (28/09/14) EGP 15.12543	Subscription Weekly (No Fees) until 12 pm Redemption Monthly (No Fees) until 12 pm
Fund Size (28/09/14) EGP 92,924,378	Fund Management EFG-Hermes Asset Management
Duration (28/09/14) Days 581.22	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:

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