

Bank of Alexandria Fixed Income Fund

Quarterly Report – Q4-2014

Fund's Performance

The Fund achieved annualized returns of 11.48% net of fees and tax by the end of 4Q2014. In comparison, the one-year treasury-bill yield reached an average of 12.12% and money market funds in the market achieved an average return of 8.304% over the same period.

Economy & Market Outlook

The fixed income market witnessed a very sharp drop in yields during the last quarter of year 2014. Accordingly, the market lost the effect of the 1% interest rate hike during the previous quarter. The drop in yields came on the back of improved political situation and excess liquidity in the market with the longer tenor treasury bonds witnessing the most demand. It is worth mentioning that during the month of December 2014 the Central Bank of Egypt (CBE) took additional measures to cap the size of money market and fixed income funds issued by banks, which resulted in creating additional liquidity in the Egyptian market. 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 10.74%, 10.94%, 11.52% and 12.20% respectively.

On the economic front, the country's annual real GDP grew by 6.8% in 1Q2014/2015 due to low base point in 1Q2013/2014 following June 30th 2013 revolution. The government expects that the economy would show 3.8% annual growth for the full fiscal year. It is worth mentioning that government expenditure on fuel subsidies in 1Q2014/2015 decreased by 29% to EGP22 billion as a result of the subsidy cuts that started during the quarter.

During the quarter, Fitch Ratings and Moody's revised their outlook on Egypt from negative to stable. The improved rating came on the back of stabilized political situation, government initiatives towards fiscal consolidation and continued strong support from GCC countries. Net international reserves reached USD 15.6 billion in December 2014 after the repayment of the USD 2.5 billion Qatari deposit. Annual headline inflation reached 10.13% in December 2014 compared to 9.09% in November 2014.

Investment Strategy

It is expected that yields would move sideways with slight volatility until the economic summit takes place and the government provides a clear economic plan for the coming period. Accordingly, the fund manager will maintain current duration until more clarity is witnessed in the market. The manager will position the portfolio to benefit from any developments on the economic and political fronts over the coming period.

EFG Hermes Asset Management Top Asset Manager in Egypt in 2014

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

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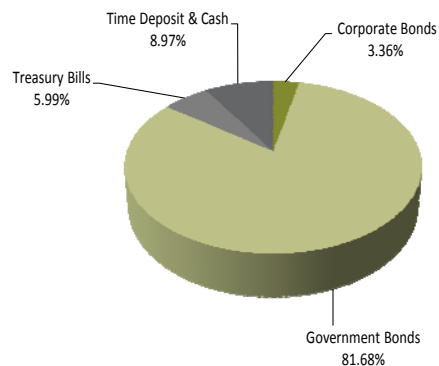
Fund's Performance

Returns	BOA FI Returns
Q4 2014	11.48%
Q3 2014	4.48%
Q2 2014	10.34%
Q1 2014	7.45%
YTD since (31-12-2013)	8.70%
2014	8.70%
2013	14.56%
2012	11.36%
2011	7.68%
Since Inception (Annualized)	10.34%
Since Inception	59.31%

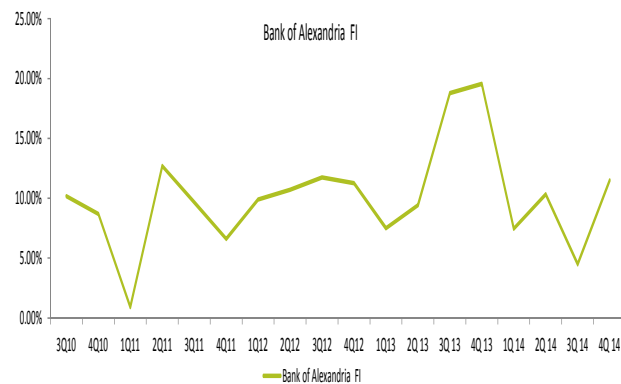
Fund Information

IC Price (28/12/14) EGP 15.55816	Subscription Weekly (No Fees) until 12 pm Redemption Monthly (No Fees) until 12 pm
Fund Size (28/12/14) EGP 95,567,370	Fund Management EFG-Hermes Asset Management
Duration (28/12/14) Days 531.18	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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