

Credit Agricole Money Market Fund 3

Quarterly Report – Q1-2016

Fund's Performance

The Fund achieved annualized returns of 8.36% net of fees and tax by the end of 1Q2016. In comparison, the three-month deposits yields reached an average of 6.90% for the same period as Central Bank of Egypt (CBE) statistics show. The annualized returns of the Fund since its inception reached 9.47% net of fees and taxes.

Economy & Market Outlook

The money markets witnessed a major increase in yields throughout the first quarter of 2016. The hike started after the Monetary Policy Committee (MPC) decided to increase interest rates by 0.50% in their meeting held on December 24th 2015, accordingly, yields on treasury-bills issues increased around 0.35% throughout the first two months of the year. Furthermore and towards the end of the quarter, yields witnessed another hike after the MPC decided to increase interest rates by 1.50% leaving the overnight deposit rate, overnight lending rate, and the rate of the CBE's main operation to 10.75%, 11.75%, and 11.25% respectively. The CBE took this measure post its currency devaluation decision during the same month aiming to reduce currency speculation and limit expected inflationary pressures. Accordingly, yields on treasury-bills issues witnessed another increase of approximately 2.10%. The 3 months, 6 months, 9 months and 1 year treasury bills closed 1Q2016 with an average net of tax of 10.58%, 11.00%, 11.41%, and 11.46%.

On the economic front, the CBE took several stern decisions during the quarter starting with a 13.6% local currency devaluation reaching EGP8.87/USD. The CBE announced that it will adopt a more flexible exchange rate regime that better reflects the underlying forces of supply and demand and lead to greater transparency and liquidity in the market. Moreover, the CBE stated that it targets to increase Net International Reserves (NIR) to USD25.0 billion during 2016 on the back of expected direct and indirect foreign inflows as confidence is restored. Currently, NIR remain stable for the third consecutive month at USD16.6 billion.

Investment Strategy

Post the yield hike and currency devaluation, treasuries have seen a strong run upwards and the fund manager sees yields as reaching peak levels. Accordingly, the fund will continue to build on the moderately low durations at current levels, positively impacting the overnight returns of the fund.



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Fund's Performance

Returns	Credit Agricole MMF (YTD ann.)
Q1-2016	8.36%
YTD Since (31-12-2015)	8.36%
2015	8.68%
2014	8.70%
2013	10.77%
2012	11.50%
2011	8.47%
2010	8.21%
2009	7.72%
2008	7.72%
2007	8.82%
2006	8.40%
2005	10.52%
2004	9.33%
2003	9.50%
2002	10.60%
1999 - 2001	11.86%
Since Inception (Annualized)	9.47%
Since Inception	354.76%

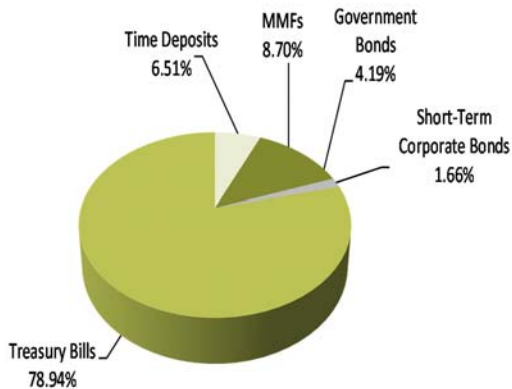
Fund Information

IC Price (31/03/16) EGP 1020.79	Subscription/Redemption Daily (No Fees) until 12 PM
Fund Size (31/03/16) EGP 801,585,566	Fund Management EFG-Hermes Asset Management
Duration (31/03/16) Days 117.75	Fund Manager Khalil El Bawab
Dividends Distributed Since Inception EGP 1589	Assistant fund Manager Yehya Abdel Latif
Inception Date 24 June 1999	Reuters Lipper Code 65077566
Inception Price EGP 1000	Bloomberg Ticker EFGCI11

Relative Performance (%)

Deposits Vs CA MMF	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2016
3M Deposits avg. in CBE	5.90%	6.50%	6.55%	6.20%	6.69%	7.60%	7.69%	7.00%	6.94%	6.90%
CA MMF Performance	8.82%	7.72%	7.72%	8.21%	8.47%	11.50%	10.77%	8.70%	8.68%	8.36%

Top Holdings



Performance

