

Credit Agricole Money Market Fund 3

Quarterly Report – Q1-2017

Fund's Performance

The Fund achieved annualized returns of 11.71% net of fees and tax by the end of 1Q2017. In comparison, the one-year treasury-bill yield reached an average of 15.57% and money market funds in the market achieved an average return of 12.28% over the same period.

Economy & Market Outlook

The money markets witnessed heightened volatility throughout the first quarter of 2017 with yields fluctuating within a range of 2.8%. Foreign investors heavily contributed to this fluctuation as they invested around USD3.1 billion since local currency floatation in the market. During the quarter, the Monetary Policy Committee (MPC) maintained overnight deposits and lending rates. The 3 months, 6 months, 9 months and 1 year treasury bills closed 1Q2017 with an average net of tax of 15.14%, 15.58%, 15.49%, and 15.56%.

On the economic front, Egypt managed to raise USD4.0 billion in Eurobonds, which is double the initial target amount. The procedure of selling the Eurobonds was done over three tranches and the subscription was covered 3.4x making it one of the most subscribed bonds in emerging markets in the last three years. The government approved to apply stamp duty tax on stock market transactions amounting to 0.125% in the first year, 0.15% in the second year and 0.175% in the third year. In addition, any investor sells more than a third of a company's shares, a 0.3% stamp duty tax will be applied to the transaction. The new stamp duty tax should result in an annual revenue around EGP1.0 - 1.5 billion and is still pending final approval from the state council before being proposed to the parliament with expectation to be implemented in May 1st, 2017. The Minister of Finance announced that the second tranche (USD1.25bn) of the IMF loan (USD12.0 billion) is expected to be disbursed in May as a delegation from the IMF will visit Egypt from 28 April to 8 May to review FY17/18 budget. Egypt's annual headline inflation rate reached 30.9% as of February 2017 as the weakening of the local currency is causing more pressure on prices.

Investment Strategy

The fund manager will build a higher duration than that of the previous quarter, in expectation of future decrease in interest rates during the second half of the year. On the other hand, the fund manager will maintain a liquidity cushion to meet any redemptions.



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Fund's Performance

Credit Agricole MMF Annualized Returns	
Q1 2017	11.71%
YTD Since (31-12-2016)	11.71%
2016	10.00%
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	9.53%
Since Inception (Simple)	404.18%

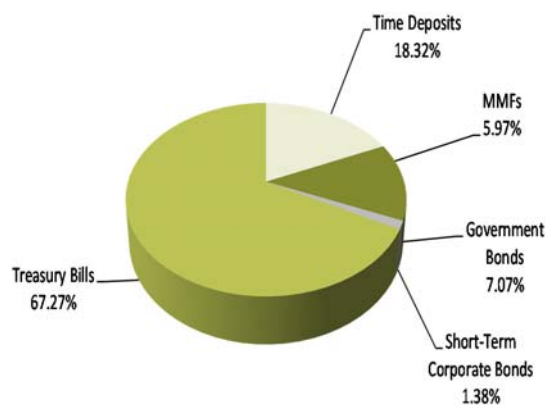
Fund Information

IC Price (31/03/17) EGP 1,028.87	Subscription/Redemption Daily (No Fees) until 12 PM
Fund Size (31/03/17) EGP 359,004,575	Fund Management EFG-Hermes Asset Management
Duration (31/03/17) 122.37 Days	Fund Manager Khalil El Bawab
Dividends Distributed Since Inception EGP 1,689	Assistant fund Manager Yehya Abdel Latif
Inception Date 24 June 1999	Reuters Lipper Code 65077566
Inception Price EGP 1000	Bloomberg Ticker EFGCIII

Relative Performance (%)

Deposits Vs CA MMF	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Q1 2017
3M Deposits avg. in CBE	5.90%	6.50%	6.55%	6.20%	6.69%	7.60%	7.69%	7.00%	6.94%	8.09%	11.30%
CA MMF Performance	8.82%	7.72%	7.72%	8.21%	8.47%	11.50%	10.77%	8.70%	8.68%	10.00%	11.71%

Asset Allocation



Performance

