

Credit Agricole Money Market Fund 3

Quarterly Report –Q2-2014

Fund's Performance

The Fund achieved annualized returns of 8.39% net of fees and tax by the end of 2Q2014. In comparison, the three-month deposits yields reached an average of 6.80% for the same period as Central Bank of Egypt (CBE) statistics show. The annualized returns of the Fund since its inception reached 9.5% net of fees and taxes.

Economy & Market Outlook

As the presidential election process passed successfully yields of money market instruments continued to decline on the back of the sustained stability. However, towards the end of the quarter, news of reforms in taxes and energy subsidies pulled yields higher as there was a lack of clarity regarding the implementations of such reforms. Meanwhile, the Central Bank of Egypt (CBE) maintained interest rates unchanged in their last Monetary Policy Committee (MPC) meeting. By the end of the quarter, treasury bills issues reached an average net of tax rate of 8.75%, 8.72%, 8.66% and 8.51% for the 1 year, 9 months, 6 months and 3 months respectively.

As for developments on the economic level, CBE said that it had covered the entire backlog of dollars owed to foreign investors seeking to repatriate funds from the country. Moreover, it maintained interest rates unchanged to limit any upside inflation risk. However, the government's tax and subsidy reform program was the story of the hour. In an attempt to decrease the budget deficit the president approved the state budget after including the capital gains tax, bringing forward the implementation of the value-added tax to FY2014/15, and subsidy cuts on fuel and electricity. As for net international reserves (NIR) first decline in 2014 as it fell by USD205 million in May, to reach USD17.3 billion.

Investment Strategy

While yields are expected to continue to trade sideways for the coming period, the fund manager will maintain a neutral duration for the fund's investments. The fund manager is optimistic about the implementation of economic reforms, with the removal of energy subsidies being a long awaited move and should prove positive on the long run.

Top performing Money Market fund in Egypt in 2013



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Fund's Performance

Returns	Credit Agricole MMF (YTD ann.)
Q2-2014	8.39%
Q1-2014	9.08%
YTD Since (31-12-2013)	8.83%
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)	9.55%
Since Inception	293.63%

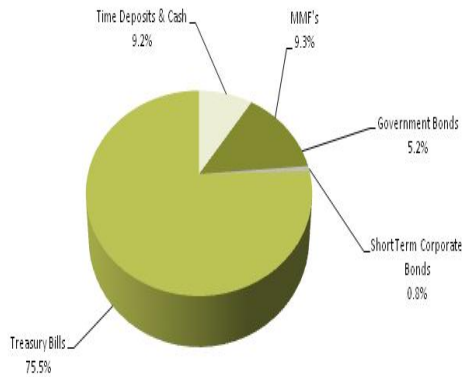
Fund Information

IC Price (30/06/14) EGP 1043.79	Subscription/Redemption Daily (No Fees) until 12 PM
Fund Size (30/06/14) EGP 1,227,925,349.73	Fund Management EFG-Hermes Asset Management
Duration (30/06/14) Days 147.86	Fund Manager Khalil El Bawab
Dividends Distributed Since Inception EGP 1414.89	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	Q1 2014	Q2 2014
3M Deposits avg. in CBE	5.90%	6.50%	6.55%	6.20%	6.69%	7.60%	7.69%	7.10%	6.80%
CA MMF Performance	8.82%	7.72%	7.72%	8.21%	8.47%	11.50%	10.77%	9.08%	8.39%

Top Holdings



Performance

