

Credit Agricole Money Market Fund 3

Quarterly Report – Q2-2017

Fund's Performance

The Fund achieved annualized returns of 13.90% net of fees and tax by the end of 2Q2017. In comparison, the one-year treasury-bill yield reached an average of 15.73% and money market funds in the market achieved an average return of 13.39% over the same period.

Economy & Market Outlook

The money markets started the quarter with low yields due to high liquidity levels in the market and foreign investors' interest in the Egyptian treasuries. However, in May 2017, the Monetary Policy Committee (MPC) decided to increase the interest rates by 2.0%, which pulled the 1-year treasury bills to 16.64% up from 15.24% in April. As a result, the money market witnessed an increase of nearly 1.45% in yields during the quarter. The 3 months, 6 months, 9 months and 1-year treasury bills closed 2Q2017 with an average net of tax rate of 15.79%, 15.85%, 15.77%, and 15.73%.

On the economic front, Egypt managed to raise an additional USD3.0 billion in Eurobonds, the procedure of selling the Eurobonds was also done over three tranches and the subscription was covered 4.0x with 80% demand from Europe and north America. Furthermore, the parliament announced its approval on the new investment law that includes several incentives to investors. On the same front, a 0.125% stamp duty tax imposed on the stock market transaction on the 28th of July after the president signed off the decree. The stamp duty tax will be increased next year to reach 0.150% and 0.175% the following year. In addition, the government reduced the fuel subsidies by around EGP40 billion. Egypt's Net International Reserves increased by 8.7% in May to reach USD31.1 billion following the issuance of USD3.0 billion Eurobonds. Egypt's inflation rate slightly eased from 31.5% in April 2017 to 29.7% in May 2017.

Investment Strategy

In line with the fund manager's expectations, the second quarter witnessed yields rising across the curve. The fund manager has been maintaining relatively low durations due to his expectations of higher interest rates since the beginning of the quarter. The fund manager is also maintaining high levels of liquidity to meet any redemptions. On the other hand, subsidy removals will lead to further inflation, therefore the fund will maintain low durations through investing in short term treasuries, no longer than nine months, against maturities, which will significantly improve the fund's daily return.



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Fund's Performance

Credit Agricole MMF Annualized Returns	
Q2 2017	13.90%
Q1 2017	11.71%
YTD Since (31-12-2016)	13.01%
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	9.59%
Since Inception (Simple)	421.65%

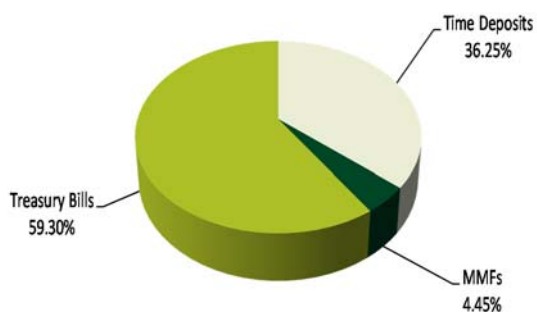
Fund Information

IC Price (30/06/17) EGP 1,064.53	Subscription/Redemption Daily (No Fees) until 12 PM
Fund Size (30/06/17) EGP 407,641,758	Fund Management EFG-Hermes Asset Management
Duration (30/06/17) 103.45 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	Q2 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%	10.80%
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%	13.90%

Asset Allocation



Performance

