

Credit Agricole Money Market Fund 3

Quarterly Report – Q3-2017

Fund's Performance

The Fund achieved annualized returns of 15.62% net of fees and tax by the end of 3Q2017. In comparison, the one-year treasury-bill yield reached an average of 15.86% and money market funds in the market achieved an average return of 15.41% over the same period. The three-month deposit yields reached an average of 13.00% for the same period as Central Bank of Egypt (CBE) statistics show.

Economy & Market Outlook

The money market yields reached record high at the start of the quarter with following the Monetary Policy Committee (MPC) decision of increasing the interest rates by 2.0% in July 2017. However, these levels were short lived with yields dropping by approximately 4.5% to pre hike levels due to high liquidity in the market, foreign demand on treasury bills in addition to the anticipation of a cut in interest rates in the near future. The 3 months, 6 months, 9 months and 1-year treasury bills closed 3Q2017 with an average net of tax rate of 16.01%, 16.04%, 15.94%, and 15.86%.

On the economic front, the Monetary Policy Committee (MPC) announced increasing the overnight deposit and lending rates by an additional 2.0% to reach 18.75% and 19.75% respectively. In addition, the IMF board approved and disbursed the second tranche (USD1.25 billion) of the USD12.0 billion loan. A presidential statement announced a drop of 1.6% in Egypt's budget deficit. Egypt's GDP growth rate reached 4.1% and it is expected to increase in a range between 4.6% and 4.8% in FY17/18. The government is also expecting that tax revenue will increase to 17% of GDP up from its current level of 13%. According to the Central Bank of Egypt (CBE), net tourism surged from a deficit of USD324 million to a surplus of USD1.6 billion. The CBE also cleared all Egypt's backlog of foreign currency requests that have been pending since the currency flotation in November 2016. Egypt's inflation rate decreased from 33.0% in July to 31.9% in August 2017 while Net International Reserves increased from USD31.3 billion in June 2017 to USD36.1 billion in August 2017.

Investment Strategy

The fund manager increased the fund duration to take advantage of expected interest rates drop. The manager continues to selectively purchase treasuries as well as deposits to lock in interest rates. Going forward, the fund manager will be keeping a close eye on inflationary figures while maintaining high durations in anticipation of expected rate cuts. He is also maintaining high levels of liquidity to meet any sudden redemptions.



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Fund's Performance

Credit Agricole MMF Annualized Returns	
Q3 2017	15.62%
Q2 2017	13.90%
Q1 2017	11.71%
YTD Since (31-12-2016)	14.23%
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	9.69%
Since Inception (Simple)	442.19%

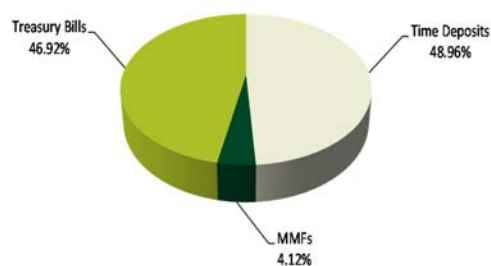
Fund Information

IC Price (30/09/17) EGP 1,106.44	Subscription/Redemption Daily (No Fees) until 12 PM
Fund Size (30/09/17) EGP 456,069,204	Fund Management EFG-Hermes Asset Management
Duration (30/09/17) 142.28 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	Q3 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%	13.00%
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%	15.62%

Asset Allocation



Performance

