

Quarterly Report
4Q 2018

Investment Objective

The principal investment objective of the fund is long term capital appreciation through achieving the highest possible risk-adjusted returns.

Investment Universe

- The fund invests mainly in treasury bills, treasury bonds, corporate bonds, securitization bonds and time deposits.
- Investments tenor shouldn't exceed 13 months and the weighted average duration shouldn't exceed 150 days.

Subscription/Redemption

- The fund offers daily liquidity to investors
- The valuation day for the fund is the last business day of every week
- Minimum initial investment is 10 IC's
- Maximum initial investment is 10,000 IC's

Fund Details

Type of scheme	Open Ended
Inception date	June 1999
IC price	EGP 1000.00
Dividend since Inception	EGP 1985.68
Duration	100.07 days
Fund Size	EGP 662.76 million
Bloomberg Ticker	EFGCIII
ISIN	65077566

Fund Manager

Management Company	Hermes Fund Management
Fund Manager	Yehya Abdel Latif
Assistant Fund Manager	Aly Sallam

Contact Details

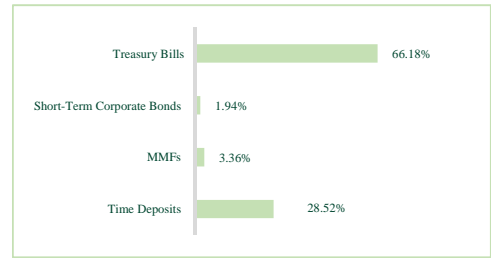
Credit Agricole Egypt	
Telephone	19077
Fax	+202-27380584
Website	https://www.ca-egypt.com/

Portfolio

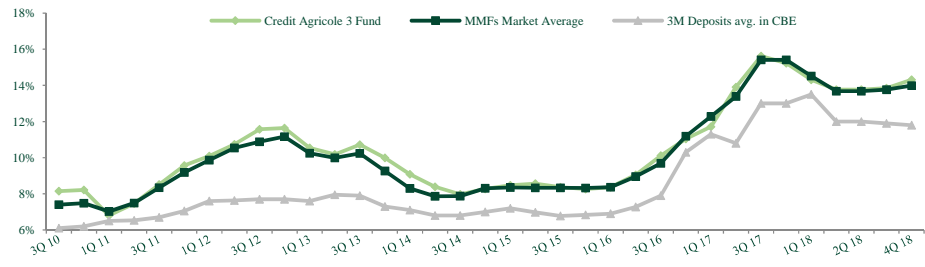
Performance Figures

Date	Return
Q4 2018	14.31%
YTD	14.82%
2018	14.82%
2017	14.89%
5-YTD	11.37%
Since Inception	10.03%

Asset Allocation



Relative Performance



Market Outlook

Market Commentary

- ≡ Q4 started with the continuation of rising yields due to increasing global pressures, foreign investors sell-offs and rising commodity prices.
- ≡ The MOF published its securities quarterly issuances calendar, decreasing its long-term commitments this quarter and relying more on short-term financing.
- ≡ During December, the government started decreasing its issuance of corridor-linked deposits returning liquidity to the market.
- ≡ Inflation figures released showed a deceleration in trend for the first time in ten-month, the annual headline inflation dropped to 15.7% in November, down from 17.7% in October.
- ≡ The newly proposed tax law by Egypt ministry of finance on treasuries caused confusion in the fixed income market. The proposed tax shall separate the tax on earnings on from treasuries from corporate tax.
- ≡ As Expected, The Monetary Policy Committee Held rates unchanged during both the 15-Nov and 27-Dec meetings.
- ≡ The quarter closed at (Net Yields):
 - ≡ 3M 15.90%
 - ≡ 6M 15.99%
 - ≡ 9M 15.99%
 - ≡ 1Yr 15.99%

Economic Update

- ≡ Egypt's Current Account Deficit Drops Significantly by 58.6% to USD6.0 Billion in FY17/18
- ≡ Government Targets to Drop Fiscal Deficit to 7% of GDP
- ≡ Foreign Holdings in Egyptian Treasuries Drops for the Eighth Month in a Row to reach USD10.9 billion as of November
- ≡ Net International Reserves dropped USD2 in December to reach USD42.6 Billion, which records the first drop since 2016
- ≡ Inflation rate falls in December to 12.0% down from 15.7% as of November 2018

Strategy

- ≡ Going forward, the fund manager will be keeping it Conservative and Maintaining medium durations to take advantage of the current higher yield environment, while still preserving ample liquidity to meet any market shocks and or redemptions.