

Faisal Islamic Bank of Egypt Fund

Quarterly Report –Q3-2016

Fund's Performance

The Egyptian market started the 3Q2016 with a 17.7% increase during July and August 2016 raising the YTD negative performance for the EGX30 to a positive 16.4% return. This came on the back of the renewed negotiations with the IMF on USD12 billion loan over three years. However, towards the end of the quarter a market correction took place shedding -3.4% in returns during September 2016. Foreign investors maintained a selling momentum throughout the quarter with net sales amounting to EGP1.2 billion versus EGP537 million net Arab buying and EGP706 million net local buying. The fund performance for 3Q2016 reached 8.1% while the EGX30 showed a performance of 15.4% for the same period.

Economy & Market Outlook

Misr Fertilizers Production Company (MOPCO) started trading on the Egyptian Stock Exchange in September 2016, which is the first time a public sector company is listed and traded in the market since 2005. MOPCO is a nitrogen based fertilizer producer with an annual production capacity of 2 million tons and a paid-in capital of EGP2.29 billion distributed over 229 million shares with a par value of EGP10 per share. On the companies' financial performance front, El Sewedy Cables released its 1H2016 results showing 4.8% decrease in operating revenues amounting to EGP10.55 billion. The decline was mainly due to 25.9% drop in revenues from turnkey projects to EGP3.39 billion. However, the company's net income increased by 141% to EGP1.63 billion mainly on the back of 1) FX gain of EGP193 million and 2) effective tax rate reduction from 28.3% in 1H2015 to 19.2% 1H2016. On the telecom front, Global Telecom announced its operating revenues for 1H2016 which dropped by 1.4% to USD1.4 billion. However, the company's EBITDA increased by 5.3% reaching USD644 million, which was mainly due to improvement in the profitability of its operations in Pakistan and Bangladesh.

On the economic front, Egypt announced that it is officially negotiating a three years USD12 billion IMF loan to restructure deficit and fiscal issues that the country is currently facing. The government also announced the possibility of issuing Eurobonds amounting to USD2-3 billion. Furthermore, the World Bank and UAE also announced providing a USD3.0 billion and USD2.0 billion loans respectively. On a separate note, the VAT law was approved by the Parliament and the President and was implemented on September 9th, 2016 and the rate is 13% for the remaining of FY16/17 and will increase to 14% starting FY17/18. The government also announced raising electricity prices by a range of 25%-47% on residential and commercial use based on their consumption, in order to decrease around EGP30 billion of Electricity Subsidies. Net tourism proceeds decreased from USD4.0 billion in FY14/15 to a deficit of USD320 million. Egyptian Remittances also declined by 12.6% from USD19.2 billion in FY14/15 to USD16.8 billion in FY15/16, accordingly, Egypt's current account deficit increased by 53.7% reaching USD18.7 billion. In addition, annual headline inflation reached its highest level in seven years of 15.5%. This came on the back of weakening EGP in the parallel market causing further pressure on prices along with an increase in electricity prices. Egypt's Net international Reserves grew by 6.6% to USD16.6 billion at the end of August 2016.

Investment Strategy

The fund manager has an improved outlook for the local market over the coming period amid the highly anticipated currency devaluation and external foreign currency financing that are expected to come in favor of the stock market performance. Accordingly, the fund manager extends his stock selection strategy and equity exposure level to capture potential rebounds in the market.



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Fund's Performance

Returns	Faisal Islamic Bank Fund
Q3-2016	8.1%
Q2-2016	-6.9%
Q1-2016	6.5%
YTD	7.1%
2015	-19.3%
2014	9.9%
2013	20.5%
2012	30.2%
2011	-47.0%
2010	3.2%
2009	10.6%
2008	-37.6%
2007	34.4%
2006	6.0%
2005	63.2%
Since Inception	29.9%

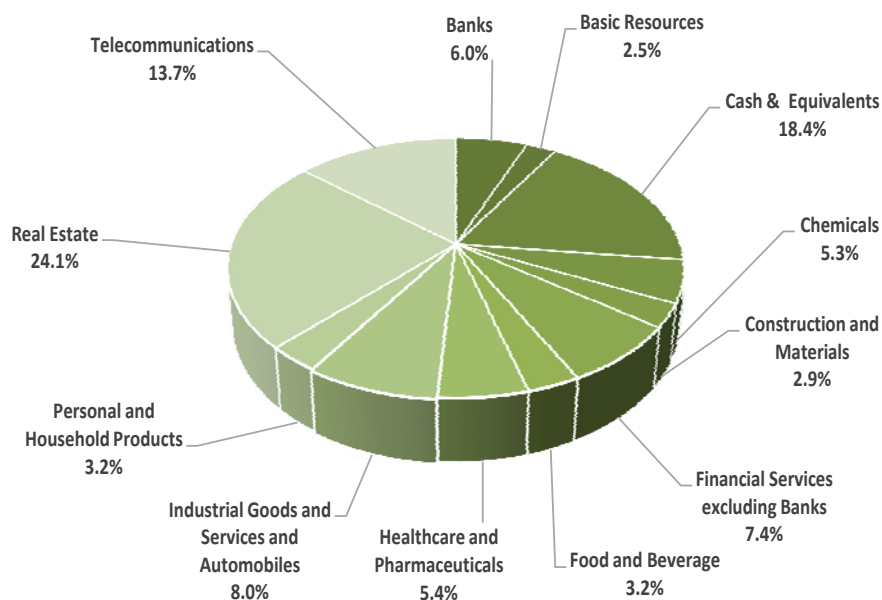
Top Holdings

Holding	Sector
Global Telecom Holding SAE	Telecommunications
ElSewedy Electric Co	Industrial Goods and Services and Automobiles
Six of October Development & Investment	Real Estate
Talaat Moustafa Group	Real Estate
Medinet Nasr Housing	Real Estate

Fund Information

IC Price (25/09/2016) EGP 75.5	Subscription/Redemption Weekly/ Weekly
Dividends Distributed Since Inception EGP 70.0	Fund Management EFG-Hermes Asset Management
Inception Date December 2004	Fund Manager Nabil Moussa
Inception Price EGP 100	Assistant fund Manager Mostafa Amer
Bloomberg Ticker EFGFISL	Reuters Lipper Code 65077570

Asset Allocation



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