

Fund Manager's Analysis

Fund's Performance

The Fund achieved annualized returns of 8.21% net of fees and tax by the end of 2Q 2011. In comparison, the three-month deposits yields reached an average of 6.53% for the same period as Central Bank of Egypt (CBE) statistics show. The annualized returns of the Fund since its inception reached 7.58% net of fees and taxes.

Economy & Market Outlook

The money markets have witnessed stability throughout the second quarter of the year but at relatively high yields. Treasury bills market showed constant growth throughout the second quarter of 2011 and with no new bond issues during the quarter, treasury bills and foreign aid were the main source of financing for the government. Furthermore, yields have reached their highest levels in 2Q 2011 despite the government efforts to control yields hike either by not accepting offered amounts in the market or by issuing weekly repos. Currently, the total amount of treasury bills outstanding in the market is EGP316 billion.

On the economic front, the country's GDP growth rate contracted by 4.2% in the 3rd quarter of the fiscal year 2010/11, as expected, owing to disruptions in business activity. Foreign investments dropped 26% year-on-year in 1Q2011. Furthermore, the government reduced its budget deficit goal for FY 2011/2012 from previously announced 11% to 8.6% of GDP.

Headline Inflation decelerated to 11.8% year-on-year in May from 12.1% year-on-year in April driven by monthly declines in food prices while core inflation inched up to 8.8% year-on-year for the same period. On a separate note, Egypt has signed its first MoU with Saudi Arabia regarding an aid package worth USD4 billion in the form of loans, grants and development projects.

Investment Strategy

The investment manager reinforced the fund's investments through capitalizing on the high yields and increasing the fund's duration as much as allowed by regulations. Furthermore, the investment manager will maintain his active trading to benefit from opportunities in the market and enhance returns while maintain the high liquidity feature of the fund.

For Further Information:

Please visit the nearest AIB branch, or call 25792807

Fund's Performance

Returns	AIB MMF (YTD ann.)
Q2 2011	8.21%
Q1 2011	7.42%
YTD Since (31-12-2010)	7.89%
Since Inception	7.58%

Fund Information

IC Price (30/06/11)	EGP 10.79134
Fund Size (30/06/11)	EGP 159,664,938
Duration (30/06/11)	Days 120
Inception Date	June 2010
Inception Price	EGP 10
Subscription/Redemption	Daily (No Fees) until 12 pm
Fund Management	EFG-Hermes Asset Management
Fund Manager	Khalil El Bawab
Assistant fund Manager	Karim Zaafan

Relative Performance

Deposits Vs AIB MMF	Q2 2011
3M Deposits avg. in banks	6.53%
AIB Performance	8.21%

Fund Allocation

