

Fund Manager's Analysis

Fund's Performance

The Fund achieved annualized returns of 11.19% net of fees and tax by the end of 4Q2012. In comparison, the one-year treasury-bill yield reached an average of 13.78% and Money Market Funds in the market achieved an average return of 11.16% over the same period.

Economy & Market Outlook

The political scene dominated the news throughout the last quarter of 2012. Mass street protests heated up the political scene while the long awaited constitutional voting took place during December 2012 witnessing strong opposition from several political parties. Market demand remained dry during the quarter having investors focusing on short term debt given the recent political and economic uncertainty. Nevertheless, the government reduced the supply for long term bonds as per its plan to lower the duration of the public debt. Towards the end of the quarter, the 3 year, 5 year and 7 year treasury bonds were trading in the market at an average net of tax rate of 12.04%, 11.89% and 12.10% respectively.

On the economic front, the country's economic growth slowed to 2.6% year-on-year during the first quarter of FY2012/2013. The country witnessed an overall slowdown in economic activity, albeit some sectors showing increased growth over the same period including manufacturing and construction which have increased by 2.8% and 5.4% respectively. The country's budget deficit showed an annual increase of 15.5% reaching EGP50 billion during the first quarter of FY2012/2013 while the balance of payments gap has sharply narrowed reaching USD519 million versus USD2.4 billion in during the previous year. The balance of payments was largely supported by increasing remittances reaching USD 4.9 billion during the quarter.

Net international reserves remained stable during the last quarter of the year standing at USD15 billion in December 2012 showing a year-on-year drop of 17% versus 50% in 2011. It is worth mentioning that the Central Bank of Egypt (CBE) has introduced FX auctions in an effort to protect the county's foreign reserves which caused the value of the EGP to fall against the USD reaching 6.32 EGP/USD by the end of the 2012. Annual headline and core inflation inched up to 4.66% and 4.44% in December 2012 versus 4.25% and 4.20% in November 2012 respectively.

Investment Strategy

With prevailing market volatility due to political and economic uncertainty, the fund manager will position the fund to benefit from possible interest rates hikes while keeping a suitable liquidity position in anticipation of sudden redemptions.

For Further Information:

Please visit the nearest BOA branch, or call BOA 202-37623167/68/69/70

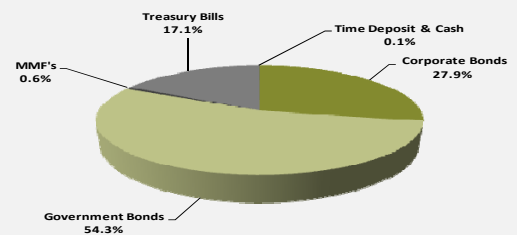
Fund Performance

Returns	BOA FI (YTD ann.)
Q42012	11.19%
Q32012	11.77%
Q2 2012	10.75%
Q1 2012	9.92%
YTD since (31-12-2011)	11.36%
2011	7.68%
Since Inception (Annualized)	9.45%
Since Inception	28.02%

Fund Information

IC Price (31/12/12)	EGP 12.50171
Dividends Distributed Since Inception	EGP 0.25
Fund Size (31/12/12)	EGP 84,679,444
Duration (31/12/12)	Days 589
Inception Date	5 April 2010
Inception Price	EGP 10
Subscription	Weekly (No Fees) until 12 pm
Redemption	Monthly (No Fees) until 12 pm
Fund Management	EFG-Hermes Asset Management
Fund Manager	Khalil El Bawab
Assistant Fund Manager	Karim Zaafan
Reuters Lipper Code	68074583
Bloomberg Ticker	EFGBOAF

Fund Allocation



Performance

