

Quarterly report Q2-2025

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 securities of companies listed on The Egyptian Stock Exchange
- The fund can also invest in treasury bills, treasury bonds, corporate bonds, securitization bonds and time deposits.

Subscription/Redemption

- The fund offers daily subscription to investors
- The fund offers weekly redemption to investors
- The valuation day for the fund is the last business day of every week
- Minimum initial investment is 5 ICs

Fund Details

Type of Scheme	Open Ended
Inception date	April 2008
IC price	EGP 53.97
Dividends Since Inception	EGP 612.27
Reuters Lipper Code	65122941

Fund Manager

Management company	Hermes Fund Management
Fund Manager	Nabil Moussa
Assistant Fund Manager	Mostafa Amer
Managing since	July 2013

Contact Details

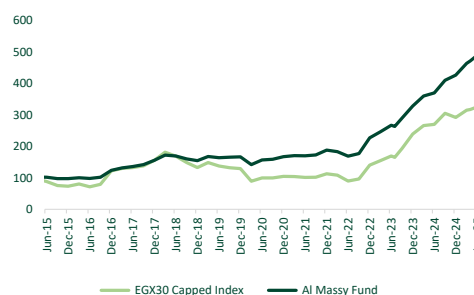
Egyptian Agricultural Bank	
Telephone	+202-27942471
Fax	+202-27948193
Website	https://www.abe.com.eg/

Portfolio

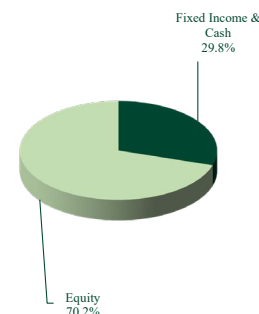
Performance Figures

Date	Return
Q2-2025	5.6%
YTD	14.9%
2024	29.9%
2023	44.4%
5-YTD	212.6%
Since Inception	732.7%

Relative Performance



Asset Allocation



Market Outlook

Egyptian Market:

The Egyptian market increased by 10.5% during the first half of 2025 moving in line with the upward trend of emerging markets. We note that corporates operating income increased by 25.2% during 1Q25 outpacing the market increase; however, we note that earnings capacity to further grow from here during 2025 is limited given that most corporates started to adjust gradually for the new exchange rate post the EGP floatation in March 2024. Therefore, we expect total earnings in 2025 to grow in the range of 25 – 30%, and that the market will increase at a similar rate or even at a higher pace given that we are already trading at significant discount to our historic average. The market is currently trading at P/E (25e) of 5.7x implying around 37% discount to its 5-years average of P/E of 9.0x.

We believe that the market is lacking a clear catalyst given that local investors are already heavily exposed to the market; while foreign investors presence is muted at around 7% of turnover compared to around 15% at the end of 2021.

We believe the market has limited downside from here given that earnings are advancing at higher pace than average market returns, and the market cheap valuation will keep the acquisition theme as a catalyst in 2025.

Market Commentary

- Egypt's GDP grew 4.8% y-o-y in Q1-2025, more than doubling from 2.2% y-o-y in the same period last year, and marking its strongest quarterly performance in three years, according to a statement from the Planning and International Cooperation Ministry.
- Annual headline inflation has been on an increasing trend throughout Q2-2025 increasing from 13.6% in March to 13.9% and 16.8% during April and May respectively. On a monthly basis, inflation was 1.9% in May versus 1.3% in April. Annual core inflation, also quickened to 13.1% in May from 10.4% in April.
- The CBE decided to start the easing cycle during April's MPC cutting overnight deposit and lending rates by 225 bps, and another 100 bps during May's MPC. Overnight deposit rate currently stands at 24%, overnight lending rate at 25%, and the main operation and discount rates at 24.50%.
- Remittances recorded a historic increase during the ten-month period (July-April of FY 2024/2025), rising by 77.1% to reach \$29.4bn (with Q1-2025 recording \$12.4bn).
- Egypt's net foreign reserves rose to \$48.526bn in May from \$48.144bn in April, and \$47.757bn in March, representing all-time highs.
- Egypt's PMI dropped to 48.8 in June 2025 from 49.5 in May 2025, indicating a steeper contraction in the non-oil private sector.
- The Finance Ministry completed a USD 1bn sovereign sukuk issuance on the Vienna Stock Exchange on Wednesday 25th of June in a private placement fully subscribed by Kuwait Finance House offering an annual yield of 7.875%
- Average T-Bonds Net rate Q2 2025:
 - 2Yrs: 17.77%
 - 3Yrs: 17.42%
 - 5Yrs: 19.60%

Strategy

- The fund manager will pause deploying cash in longer tenors, while utilizing on the shorter end of the yield curve to increase profitability.