

Quarterly report Q3-2022

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 271.00
Dividends Since Inception	EGP 13.50
ISIN	65122941

Fund Manager

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

Contact Details

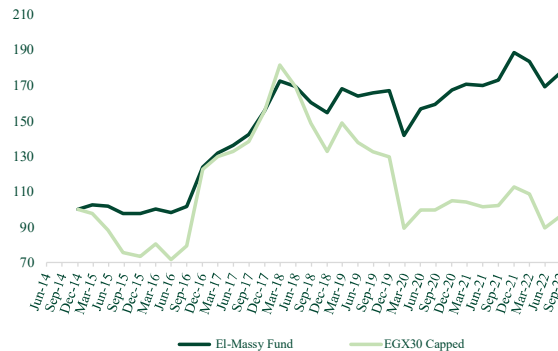
Egyptian Agricultural Bank	
Telephone	+202-27942471
Fax	+202-27948193
Website	https://www.abe.com.eg/

Portfolio

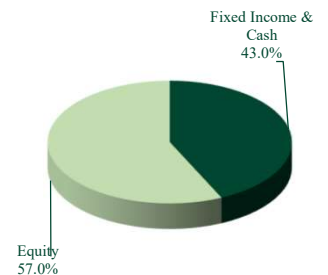
Performance Figures

Date	Return
Q3-2022	4.7%
YTD	-6.1%
2021	12.7%
5-YTD	24.5%
Since Inception	200.9%

Relative Performance



Asset Allocation



Market Outlook

Equity Commentary

Egyptian market moved in line with global equity markets starting the quarter with a positive note advancing 13.1%; however, when global markets started to tumble the market followed them declining 5.8% to end the quarter up 6.5%. We note that Egyptian market is constantly moving in the same direction with global markets (especially emerging markets); however, the magnitude might differ.

Stock Exchange	YTD Performance
S&P 500	-24.80%
Nasdaq	-32.40%
MSCI World	-26.40%
MSCI Emerging Markets	-28.90%
EGX 30 (EGP)	-17.80%
EGX 30 (USD)	-33.90%

We highlight that the market performance is in line with global markets in EGP terms; however in USD terms the market is currently trading at its lowest level since 2004. We believe that foreign investors will not re-rate the market before the release of the details of the IMF program along with improving the outlook of private sector growth contribution into the economy.

In conclusion, we believe the market is extremely cheap and oversold; however, economic uncertainty along with lack of clarity on EGP forecasts is weighing on the outlook for earnings forecasts leading to the lack of strong buying appetite.

Fixed Income Commentary

- Egypt's headline inflation rate accelerated to 14.6% in August, from 13.6% in July
- Egypt's official net international reserves registered at USD33.2bn by end of September.
- The economy grew by 6.6% in FY22 compared to 3.3% in FY21.
- The unemployment rate stabilized at 7.2% during 4QFY22.
- In its meeting on 22 September 2022, the Central Bank of Egypt (CBE) decided to keep benchmark deposit and lending rates unchanged at 11.25% and 12.25% %, respectively. On the other hand, the CBE increased the required reserve ratio to 18% from 14%.
- The quarter closed at:
 - 3Yrs: 17.60%
 - 5Yrs: 15.47%
 - 7Yrs: 14.00%
 - 10Yrs: 14.68%

The fund manager will let duration fall naturally, in order to navigate expected volatility and possible redemptions in the short term, while still aiming to benefit from relatively high yields in anticipation of gradual economic recovery.