

Quarterly report Q3-2025

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 57.82
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

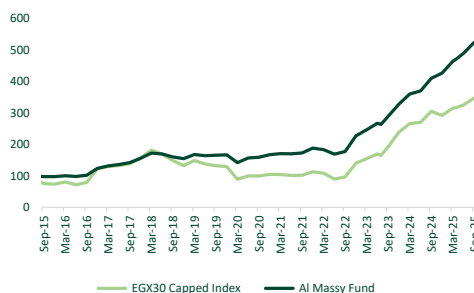
Egyptian Agricultural Bank	
Telephone	+202-27942471
Fax	+202-27948193
Website	https://www.abe.com.eg/

Portfolio

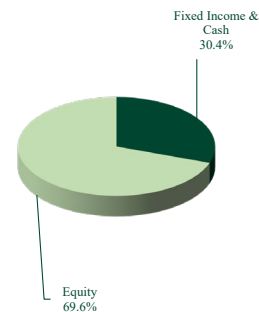
Performance Figures

Date	Return
Q3-2025	7.1%
YTD	23.1%
2024	29.9%
2023	44.4%
5-YTD	229.6%
Since Inception	792.1%

Relative Performance



Asset Allocation



Market Outlook

Egyptian Market:

The Egyptian market increased by 23.3% during the first nine months of 2025 moving in line with the upward trend of emerging markets. We also note that corporates operating income increased by 25.3% during 1H25 implying that the market trading multiple is stable.

We expect operating income in 2025 to grow in the range of 30 – 35%, 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 6.0x implying around 33% 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 the market is already trading at below historic multiples, and so far, the market performance is not surpassing earnings growth thus keeping its cheap valuation.

Market Commentary

- Egypt's annual headline inflation slowed for the third consecutive month in August, dropping to 12%, from 13.9% in July and 14.9% in June. Furthermore, core inflation decelerated to 10.7% on an annual basis in August, down from 11.6% in July and 11.4% in June.
- Egypt's Central bank resumed its rates easing cycle during its MPC meeting held in August, lowering its key interest rates by 200 basis points, the third cut this year, as inflation cooled and the pound held steady. The CBE has cut interest rates by a cumulative 525 basis points since the beginning of the year, where the overnight deposit rate currently stands at 22%, the overnight lending rate at 23%, and the main operation and discount rates at 22.50%.
- Egypt's net foreign reserves rose to \$49.251 billion in August from \$49.036 billion in July and \$48.7 in June, maintaining an upward trajectory.
- The Ministry of Finance tapped the international market with a sovereign sukuk issuance on two tranches, a \$700 million 3.5-year tranche of a sukuk priced at 6.375% and an \$800 million, 7-year tranche at priced 7.950%. According to the Ministry of Finance, the issuance was oversubscribed, receiving over USD 9 bn in subscription requests.
- Egypt's Prime Minister discussed activating a \$7.5 billion "partnership package" with his Qatari counterpart. Nearly half of Qatar's \$ 7.5 bn direct investment pledge will go toward a Red Sea project.
- Remittances from Egyptian expatriates sustained their strong trend, rising 26.3% Y-o-Y to \$3.8bn in July. July's number is a new high, beating June's record of \$3.6bn and May's \$3.4bn. Cumulatively, remittances are up a strong 50% Y-o-Y at \$23.2 bn in 7M25.
- Egypt's PMI dipped to 49.2 in August from 49.5 in July. Egypt's non-oil private sector contracted for a sixth month in August as weak demand continued to weigh on business activity.
- The economy grew at a 4.4% clip during the FY24/25, outpacing the 4.2% targeted in the draft budget and the 2.4% growth recorded in FY24/25. This economic expansion was mainly buoyed by tourism, which grew 17.3% during the year.
- Average T-Bonds Net rate Q3 2025:
 - 2Yrs: 19.27%
 - 3Yrs: 18.90%
 - 5Yrs: 15.92%

Strategy

- The fund manager implemented a dual strategy of extending duration in anticipation of interest rate cuts next year, while utilizing the shorter end of the yield curve to increase profitability.