

**Quarterly report**  
Q1 2026

**Investment Objective**

The principal investment objective of the fund is providing daily liquidity to investors while aiming to achieve the highest possible returns.

**Investment Universe**

- The fund invests mainly in treasury bills, treasury bonds, corporate bonds, securitized bonds and time deposits.

**Subscription/Redemption**

- The fund offers weekly subscriptions to investors
- The fund offers monthly redemptions to investors
- The valuation of the fund is daily
- Minimum initial investment is 100 ICs

**Fund Details**

Type of Scheme	Open Ended
Inception date	April 2010
IC price	EGP 57.52327
Dividends Since Inception	EGP 0.25
Duration	1.43 Years
Fund Size	EGP 401.36 million
Bloomberg Ticker	EFGBOAF
Reuters Lipper Code	68074583

**Fund Manager**

Management company	Hermes Portfolio and Fund Management
Fund Manager	Karim Zaafan

**Contact Details**

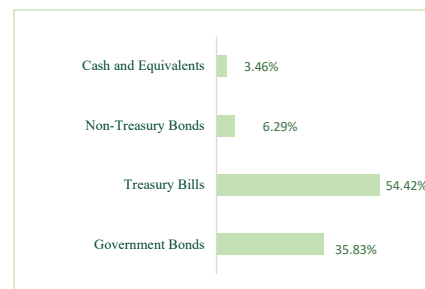
Bank of Alexandria	
Telephone	19033
Website	<a href="https://www.alexbank.com/En">https://www.alexbank.com/En</a>

**Portfolio**

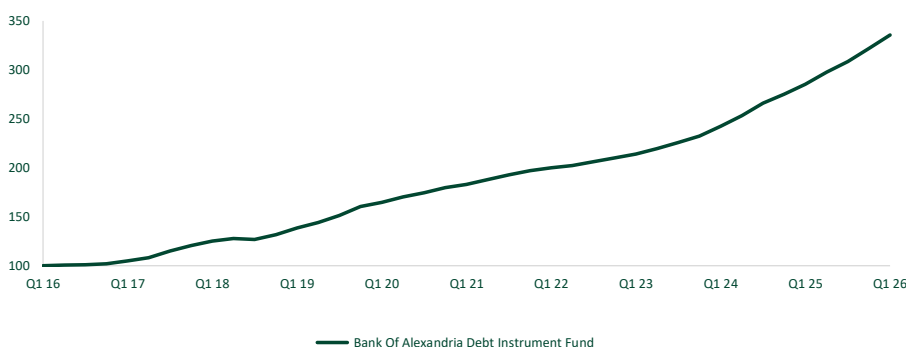
**Performance Figures**

Date	Return
YTD	17.43%
2025	16.99%
2024	18.50%
2023	10.47%
5 YTD	12.87%
Since Inception	11.72%

**Asset Allocation**



**Performance**



**Market Outlook**

**Market Commentary**

- ≡ The reignition between Israel/US war on Iran during mid-February 2026 have led to the following key points:
  - ≡ Closure of the strait of Hormuz driving Oil prices to all time high of USD 119.50/bbl.
  - ≡ Disruption of global supply chains affecting global market prices across all asset classes.
  - ≡ Locally imposing pressure on the EGP currency, whereby hot money witnessing outflows of around USD 7bn, pushing the FX from a low of 46.78/USD in February to a high of 54.59/USD in March (16.70% FX depreciation).
  - ≡ Driving market yields up to around 26% from 24% pre-war levels.
  - ≡ Although the Central Bank of Egypt resumed its easing cycle by cutting rates by 100 bps in February—bringing cumulative cuts to 825 bps since the start of the 2025 easing phase—it is now reassessing its policy outlook due to the war on Iran. Economists expect the Monetary Policy Committee to hold rates steady going forward until the conflict is resolved, given rising inflationary pressures. Policy rates currently stand at 19.00% for deposits, 20.00% for lending, and 19.50% for the main operation.
  - ≡ Egypt's annual headline inflation stood at 13.4% in February, increasing from 12.3% in December. Higher food inflation was offset by slower non-food inflation, while fuel and rent price adjustments had limited passthrough. Core inflation increased to 12.7% from 11.2% in January.
  - ≡ Egypt's Net foreign reserves reached a record USD 52.75bn in February, up from USD 52.59bn in January.
  - ≡ Remittances from Egyptians working abroad recorded an increase of 28.4% during July/January 2025/2026, reaching about USD 25.6 billion (compared to around USD 20.0 billion during July/January 2024/2025). On a monthly basis, remittances went up by 21.0% in January 2026, registering about USD 3.5 billion (compared to around USD 2.9 billion in January 2025).
  - ≡ GDP grew by 5.3% in 3Q25 vs 3.5% a year earlier, driven by manufacturing, tourism, telecoms, and Suez Canal recovery. The government targets c5% growth in FY25/26, up from a previous target of 4.5%.
  - ≡ The current account deficit stood at USD 3.2bn in 3Q25, 45% y-o-y, as services and remittances offset a wider trade deficit, strengthening external balances.
  - ≡ Average T-Bonds Net rate Q1 2026:
    - ≡ 2Yrs: 17.786%
    - ≡ 3Yrs: 16.834%
    - ≡ 5Yrs: 15.663%

**Strategy**

- ≡ Given the onset of the US/Iran war and its expected negative implications that could hinder Central Banks' easing cycle, the fund manager will shorten the duration by taking advantage of lucrative opportunities in the short-end of the curve from the sell-off in local treasuries.