Bank Of Alexandria Debt Instrument Fund

ALEXBANK
بنك الإسكندرية

EFG Hermes

Quarterly report
Q2 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 59.61090
Dividends Since Inception	EGP 0.25
Duration	1.22 Years
Fund Size	EGP 388.39 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	https://www.alexbank.com/En

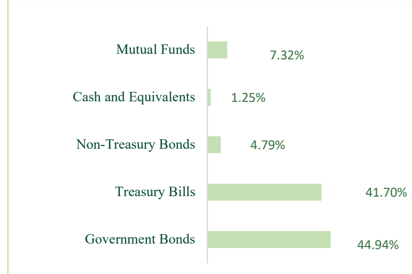
Portfolio

Performance Figures*

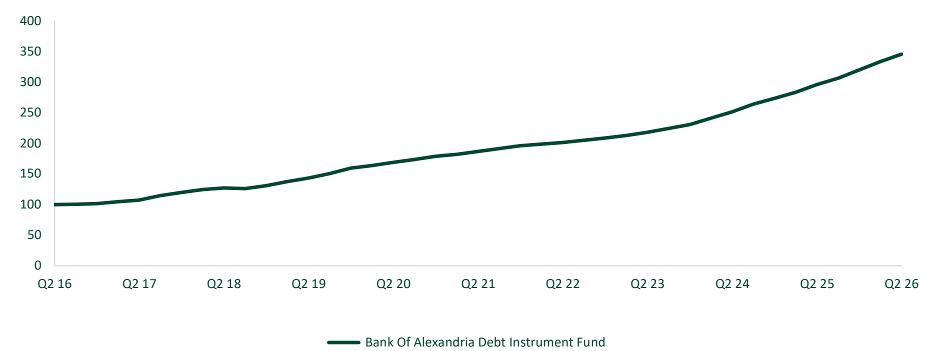
Date	Return
YTD	16.30%
2025	16.99%
2024	18.50%
2023	10.47%
5-YTD	13.10%
Since Inception	11.78%

* Simple Performance Figures

Asset Allocation



Performance



Market Outlook

Market Commentary

- Effects of the US/Israel war on Iran left markets in a turmoil where huge volatility was witnessed across all asset classes; oil prices soaring to all time high od USD 119.50/bbl, disruptions of global supply chains, locally imposing pressures on EGP seeing around USD 7bn outflows in hot money driving ccy to an all time high of EGP 54.59/USD, and local debt market yields rising around 2% reaching 26%.
- Market volatility remained escalated throughout the majority of Q2-2026, with positive outlook on the war during the last 2 weeks of June, the markets have partially recovered from the war affects across different asset classes. However, it should be noted that geopolitical risks remain highly uncertain and could reignite at any time.
- EGP currency appreciated witnessing hot money inflows of around USD 9bn, pushing the FX from a high of EGP 54.59/USD to EGP 49.20/USD during Q2-2026.
- Although the Central Bank of Egypt resumed its easing cycle by cutting rates by 100 bps in February 2026 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 14.60% in May 2026, decreasing from 14.90% in April 2026, leaving real interest rates around 4.90%. Core inflation was steady at 13.80% in May, compared to April.
- Egypt's Net foreign reserves continued its upward trend to reach USD 53.1bn in May, up from USD 53bn in April.
- Remittances from Egyptians working abroad climbed 33.2% Y-o-Y to USD 39.2bn in 10 months FY2025/2026 (Jul-Apr), according to the Central Bank of Egypt (CBE). In April, flows jumped 41% Y-o-Y to USD4.3bn.
- GDP grew by 5.3% in 4Q25 vs 4.3% 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 4.649bn in Q1-2026 compared to USD 4.948bn in Q4-2026, as services and remittances offset a wider trade deficit, strengthening external balances.
- Average T-Bonds Net rate Q2 2026:
  - 2YR Bond 18.16%
  - 3YR Bond 18.14%
  - 5YR Bond 15.76%

Strategy

- The fund manager's strategy is to maintain the current duration and preset weights to capitalize on high returns emanating from current market volatility, while adding to the non-treasury exposure to capture the yield enhancement effects. The manager will keep an eye on other opportunities that present itself.