Agricultural Bank of Egypt
البنك الزراعي المصري

Egyptian Agricultural Bank (Al Massy)

EFG Hermes

Quarterly report
Q1-2026

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 67.27
Dividends Since Inception	EGP 617.27
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

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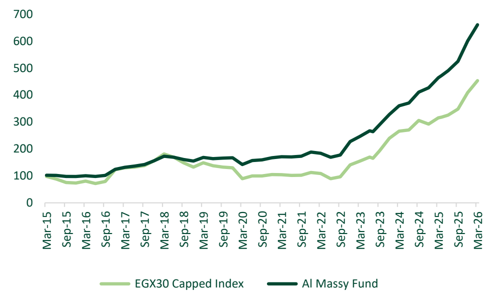
Portfolio

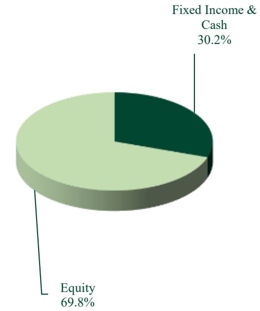
Performance Figures

Date	Return
Q1-2026	10.0%
YTD	10.0%
2025	40.8%
2024	29.9%
5-YTD	286.9%
Since Inception	1022.6%

Relative Performance



Asset Allocation



Market Outlook

Egyptian Market:

The Egyptian market started the year on a strong note, rising 17.7% in the first two months while the currency remained relatively stable. This performance was supported by strong foreign inflows across several sectors, mainly banking, health care, and non -banking financial services. However, sentiment reversed sharply in March following the outbreak of the US-Israeli war against Iran with foreigners turning into net sellers of EGP 7.4 billion during the month. This was accompanied by significant outflows from Egypt's treasury-bill carry trade, estimated at USD9-10 billion, which led to a 12.6% depreciation of the EGP against the USD during 1Q26.

As a result, the market lost 7.9% of its value in March, ending the quarter up 8.3% in EGP terms. However, after accounting for the EGP depreciation, the market declined by 5.2% in USD terms. We believe Egypt's case is a similar case to that of other emerging markets, where a prolonged war could weaken global equity markets, including the Egyptian market, which is more vulnerable to currency shocks.

That said, further currency depreciation will support the market in local currency terms, implying that while the market may decline in USD terms, it will rise in EGP terms.

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 rate s 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 c 5% 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.