



بَنْكُ مِصْرَ
BANQUE MISR

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Banque Misr 2nd Fund (Growth)

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Fund Manager:

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Glance at the Fund

- Banque Misr 2nd Fund (Growth) follows an investment policy, which is to achieve capital appreciation to the certificate holders in the first place (NAV appreciation) through investing in selected stocks, which are discounted and their stocks are expected to appreciate, based on their financial results, projections and based on the fund manager's opinion in the market and stocks' outlook.



- The fund aims on making an annual distribution based on the capital gains it achieves.

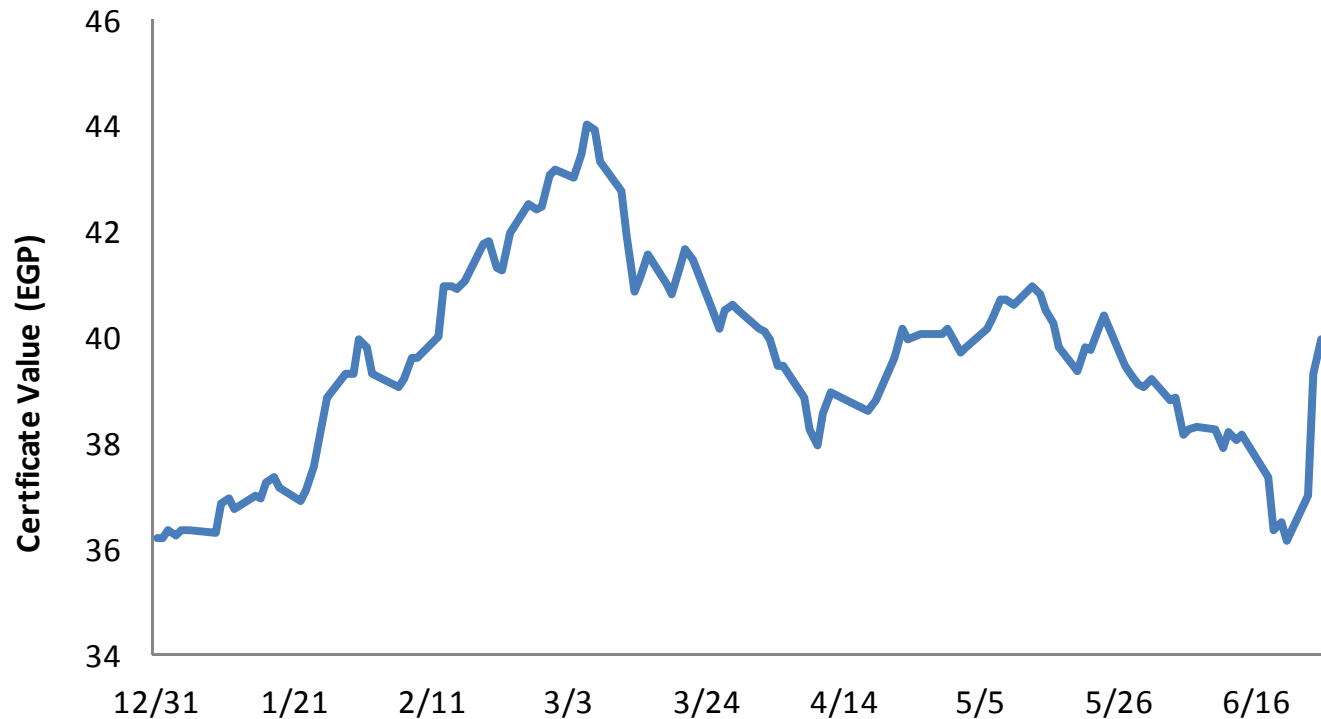
This fund fits those seeking to generate a better than banks' saving rates, through investing in the Egyptian stock market and accept the risk underlined in investing in the stock market, with the expectations of adequate returns.

- Compared to investing directly in the stock market, investment through funds certificates provide the experience of these funds managers, and their close monitoring of its performance and the invested companies, in addition to attaining diversification with respect to companies and sectors, while generating adequate returns on investing in money market investments.
- The fund also provide benefits from being able to negotiate low execution and bookkeeping fees .



Fund's Performance in 2012

- Banque Misr 2nd fund NAV has witnessed an upside appreciation as the market did from the beginning of the year to March first week, with the fund's NAV achieving an appreciation of 21.5% during this period. However, the market started to correct afterwards, and the fund achieved a 1H 2012, appreciation of 10.9%, given that 15-25% of the funds assets are invested in money-market instruments to reduce the NAV volatility and risk.





Fund's Manager Vision

- The local political uncertainty and concerns of its consequent impact on the economy were the predominant factors that influenced the Egyptian stock market during 1H 2012 as in 2011. The debates and problems that accompanied the efforts to select the members of the constitutional drafting committee, in addition to the friction between the peoples assembly and the cabinet regarding various issues, especially those regarding the IMF US\$3.2 billion loan, with the people's assembly attempting to slow the process of receive the loan, while the cabinet is depending on receiving fresh funds to maintain EGP exchange rate level and revive economic growth have increased investors anxiety during Q2 2012. Furthermore, the presidential elections coincided in Q2, and the uncertainty prior to its completion also made investors jittery. All this resulted in the EGX30 falling 26% from its 2012 peak on March 7 until June 21. The presidential elections were finalized on the last week of June with Dr. Mohamed Mosri, the Muslim Brotherhood candidate emerging triumphant. The elections completion, revived hope in expecting more stability to ensue, and the EGX30 index going up 16% during the last week of June, while ended 1H with a 30% YTD increase.
- The growing state budget deficit, along with the CBE attempting to attract more money to be invested in EGP investment vehicles to curb dollarization, results in interest rates remain as high as reaching close to 16% for the TBs with a one year tenor. Also, we expect the CBE to maintain the high interest rates for a while after the economy starts to pickup in its attempts to revive its foreign currency reserve, which lost over US\$20 bn since 2011 start.



Fund's Manager Vision

- Although a lot of aspects regarding Egypt's political framework have not been formulated yet, the completion of the presidential elections, is a major milestone. Furthermore, Dr. Morsi have declared that his agenda will focus on encouraging investments, attempting to have a positive dialogue with all local fronts and to maintain a peaceful framework in his external policy. We expect this and further expected developments to have a positive impact on the stock market.
- Banque Misr's 2nd Fund (Growth) investment strategy is to generate net asset value appreciation to the certificate holders, through selecting stocks that have the potential for capital appreciation regardless of their dividend policy. However, a portion of the fund is allocated into low risk, income generating money market instruments, to reduce the fund's volatility compared to the market, and create an ongoing income generating portion in the fund.
- The sectors we favor for Banque Misr 2nd fund during 3Q 2012 are banking, construction, real estate, oil related and fertilizers, in addition to leading stocks in the auto, transport, food and textile industries.
- The largest investment in the fund are: Commercial International Bank, National Societe General Bank, Orascom Construction Industries, Alexandria Minerals Oil, Talaat Mostafa Group, Orascom Telecom, and Telecom Egypt.



Fund's Basic Information

- Issuer : Banque Misr
- Year of fund launch: 1995
- Fund Manager: Misr Capital Investments
- Certificate Value (NAV) calculation: Daily (Sun.-Thu.), available in all Banque Misr branches and published in Al Ahram Journal
- Buying & Redeeming Certificates: Daily from any Banque Misr branch
- Fund Auditor: Mostafa Shawky, Salah & Barsoum (Deloitte)
- Fees for Certificate buying: none
- Fees for Certificate redemption: 0.75%



Certificate Holders' Q&A

? What is a mutual fund?

A mutual fund is a large portfolio that accumulates its size from a large number of investors, to invest in stocks and fixed income instruments. They are managed based on a strategy that its broad lines were outlined in its inception, and the fund manager work on implementing these guidelines to create capital appreciation (stocks increasing in value) and generating an income (from the cash dividends of invested stocks and interest return from money market instruments).

? What are the benefits investors get from investing in funds?

The investors would benefit from their certificate value (NAV) appreciation, which they would realize if they sell their holdings in the fund. In addition to receiving a periodical distribution.



Certificate Holders' Q&A

? Are mutual funds risky?

BM 2nd fund, is established by Banque Misr and managed by Misr Capital Investments, with both having high experience to provide prudent care for the certificate holders' investments. However, as any investment, mutual funds are exposed to the stock market fluctuations, and specific corporate risks.

However, the fund manager team works on reducing these risk through stock selection and diversifying the holdings in stocks and sectors and periodically reviewing their strategy. Furthermore, the fund invests a portion of its size in money market instruments, which are characterized by its relatively lower risk level.

? What is the adequate holding period for Fund's certificates?

There is no recommended holding period for mutual funds' certificates, while investors are advised to diversify where they put their savings. BM 1st fund allocates a portion of its assets into fixed income instruments which provide it with relatively liquid nature, providing an ease to redeem any investor's certificates at anytime. However, it's a time proven fact that the longer the investment horizon, the potential to generate more gains, since long term investment is better than speculation and short-term activity.

