



Fund Details

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| Fund Type | Equity |
| Inception Year | 1997 |
| NAV Calculation | Weekly |
| Certificates purchase & redemption (All Banque Misr branches) | Every Wednesday at till 12PM at last Thursday's NAV |
| Weekly NAV Publishing | Every Sunday (Al Ahram Newspaper) |
| Certificate purchase Fee | None |
| Certificate Redemption Fee | 1.0% |
| Fund Manager Annual Management Fee | 0.50% |
| Fund Performance Benchmark | 91 T-bills (net of tax) |
| Fund Prospectus | Prospectus |
| Portfolio Manager | Mohamed Fahmy, CFA |
| Fund's Auditor: | Mostafa Shawki / Wahid Abdel Ghafar & Co |

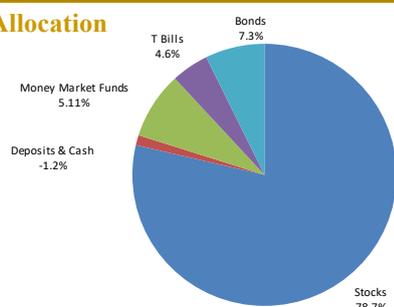
Investment Policy Summary¹

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|------------------------|-------------|
| Equity Min-Max Limits | 30% - 90% |
| Fixed Income Max Limit | 50% |
| Fund Distribution | Semi-annual |

Fund Information

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|--|---------------|
| | June 30, 2019 |
| Fund Size (EGP mn) | 264.0 |
| Reuters Code | LP65077628 |
| Certificate Value | 833.3 |
| NAV YTD Low-High | 793.1-887.1 |
| 2018 Distributions /Certificate | - |
| Since Inception Distributions | 82.0 |
| Certificate Par Value | 100 |
| YTD performance | 5.06% |
| Annual Return Since Inception | 37.81% |
| Performance Post MCI's Management | 115.99% |
| Annual Performance Post MCI's Management | 20.81% |

Assets Allocation



Investment Strategy

Banque Misr 3rd Fund (Equity Fund) aims to diversify risk through allocating the funds over equity & bonds, targeting price appreciation of certificates using respective analytical tools related to each instrument. The fund mandate has a guidance equity allocation between 30-90%, while maintaining the remaining allocation between money market instruments and liquidity.

Economic Update

- ◇ Egypt had to repay c.USD3.5bn from external debt, of which 33.3% to Paris club during the 1H 2019, however, NIR sounds stable and still improving. Net foreign reserves reached USD 44.4bn by end of June 2019 versus April balance of USD 44.3bn and Dec. 2018 of USD 42.6bn. The higher NIR during the 1H 2019 was primarily driven by foreign portfolio investments, mainly in treasuries, in addition to Eurobond issuance and the received tranches IMF loan.
- ◇ Foreign holdings of Treasury bills have increased in the 1H 2019 and stood at USD 19.2bn as of June 2019, a hike of 47% from January, 2019, due to the favourability of the Egyptian yields given the actual and expected cuts in Fed rates, in addition to the unrest in some of other emerging markets.
- ◇ During the 1H 2019, the Egyptian Pound has appreciated by 6.8% YTD and kept improving to stand at exchange rate of 16.6 EGP/USD by the end of August, 2019. The appreciation in the local currency reflects the improvement in NIR and foreign assets in banking system, following the CBE decision to terminate repatriation mechanism last December.
- ◇ Annual headline urban inflation declined to 9.4 percent in June 2019 from 14.1 percent in May 2019, however the CBE kept key policy rates unchanged during the 1H 2019 after 100bps cut in February, 2019, in order to achieve its inflation target of 9% (+/-3%) in Q4 2020.

Market Performance

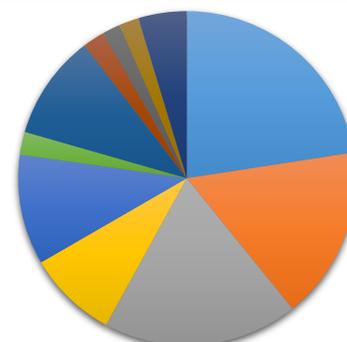
- ◇ During 1H2019, our market wide index advanced by 7.7%, while EGX30 hiked 7.2%.
- ◇ The hike is mainly attributed to the leading stocks; specifically, CIB that grew by 26% during 1H 2019, on the back of the management expectations for 20% growth in profits in FY201, with minor impact of the latest amendments in treasury taxes in the current fiscal year. The best performers also during 1H 2019 were EKHO that hiked by 21%, GTHE and HRHO.
- ◇ On the other side, the constructions and mega projects related stocks, such as SWDY and ORAS have been affected negatively by the slowdown in the infrastructure projects offered by the government. Steel manufacturers namely; ESRS witnessed 38% negative performance due to escalating costs and lower selling prices.

Fund Manager Outlook

- ◇ The completion of the IMF program, with the energy subsidies' reform reaching its initial goal coupled with freely traded currency, contained inflation figures and global interest rates heading south will assist the CBE to continue the trajectory of an easing monetary cycle.
- ◇ The liquidity that will ripple into the market from Global Telecom transaction in August and Suez Canal Certificates in September and then a lower interest rate environment, will facilitate creating some momentum in the market.
- ◇ Egypt's market is already cheap on the level of price to earnings multiples compared to its peer markets, however, integrating the interest rate in the formula through using earning yield gap, highlights that the market needs a cut in interest rate by 3-4% along with positive earnings growth in 2020, in order to rerate and move to higher price levels.
- ◇ The drop in interest rates will help the market rerate also since it has been limiting the business opportunities of many sectors such as non-banking financial sector, real estate and auto sales, it will also come into the favour of the highly leveraged firms and motivate the cash rich companies to better use its resources.

Sectors Allocation

- Real Estate & Related
- Banking
- Financial non-Banking
- Construction & Related
- Food & Related
- Oil Related
- Telecom, Media & IT
- Textile & Related
- Transportation
- Chemical & Fertilizers
- Pharmaceutical



| Performance Till Jun. 30, 2019 (EIMA Report) | YTD | 2 Years to Date | 3 Years to Date | 5 Years to Date | 6 Years to Date |
|--|------|-----------------|-----------------|-----------------|-----------------|
| Banque Misr Third Fund | 5% | 13% | 101% | 73% | 168% |
| EIMA Average Equity Funds | 3% | 12% | 96% | 60% | 151% |
| Fund Performance to Average Equity Funds | 152% | 115% | 105% | 123% | 111% |
| EGX30 Index Performance | 8% | 5% | 103% | 73% | 174% |
| Fund Performance to the Index | 62% | 255% | 98% | 101% | 96% |

Other Fund Indicators

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|---|--------|
| Fund's Equity Price to Earnings Multiple (2018) | 12.25x |
| Fund's Yield 2018 (Stocks & Fixed Income) | 2.67 |
| Fund's Equity Beta ² | 0.98 |
| Fund's Equity Sharpe Ratio ³ | 3.68 |
| Fund's Equity Treynor-Black Ratio ⁴ | 24.35 |
| Equity Estimated Alpha Return ⁵ | 15.54 |
| EGX30 stocks % of Fund's Equity | 90.72 |
| EGX100 stocks % of Fund's Equity | 99.64 |
| Avg. Turnover of Fund's stocks to their respective Turnover (days to liquidate) | 0.62 |
| Fund Performance Ranking out of the Equity Funds * | 7 |

*EIMA's Report

For more information, please visit:

<http://www.banquemisr.com/en/capital-markets/mutual-funds/fund-iii>

Banque Misr

Banque Misr was established in 1920 by the leading economist Mohamed Talaat Harb Pasha

The bank captures 16%, 10% and 14% of the deposits, lending and total assets of the Egyptian banking sector respectively, positioning it as the second largest commercial bank in Egypt.

The bank has investments in over 220 projects, including some of the most significant projects in Egypt, in various economic sectors including industrial, touristic, real estate, food, public utilities projects in addition to communications, and information technology.

The bank has over the years created a massive client base, which is close to 6 million customer, through its widespread network of branches which stands at 470 branches and banking units spread over all of Egypt, in addition to its presence abroad.

Misr Capital Investments

Established in 2010, with an issued and paid capital of EGP1.5 billion, and under the accordance of law #95 for year 1992, and operates with a Egyptian Financial Regulatory Authority license (#586). MCI currently has a paid in capital of EGP 4.2 billion.

The company operates in the direct investment and asset management fields

The Asset management activity started in MCI at the end of 2011 with the management of Banque Misr's first and second mutual funds being entrusted to MCI since December 2011 with AUMs worth around EGP 194mn, while currently managing funds & portfolios AUMs worth EGP 2.6 billion, out of which EGP 2.3 billion are equity AUMs.

The company owns a portfolio of direct investments which has a book value worth EGP8.2 billion, including: 99.9% stake in Banque du Caire, 5.7% of Future for Urban Development, 8.7% of Alexandria for Mineral Oils, 10% of Middle East Oil Tankage & Pipelines & 4.2% Alexandria Fertilizers & 2.7% of Suez Cement.

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¹ For more details, please refer to mentioned prospectus

² Fund's Beta: used to assess the fund's equity volatility risk compared to the market

³ Fund's Sharpe Ratio: Used to assess the quality of the fund's equity expected return less the risk free rate over its volatility (standard deviation)

⁴ Treynor-Black Ratio: Used to assess the quality of the fund's equity expected return less its cost of equity rate over its volatility (standard deviation)

⁵ Fund's Alpha Return: The fund's equity target upside from current prices, above the risk free rate

Disclaimer:

For all of the fund's details, terms and constraints, please review the fund's offering memorandum

Past performance does not guarantee future results

The fund may not be appropriate for all investors

The fund may invest in certain sectors and stocks, which can result in increasing its vulnerability to any significant political, economical or regulatory development

Diversification does not assure a profit or protect against loss in declining markets

Fixed income investment are subject to interest rate risks

The fund's manager opinion in the market and/or stocks mentioned in this report may change without prior notification