

## Quarterly report Q4-2025

### 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 61.16
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

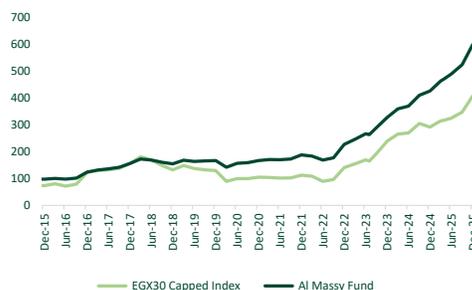
Egyptian Agricultural Bank	
Telephone	+202-27942471
Fax	+202-27948193
Website	<a href="https://www.abe.com.eg/">https://www.abe.com.eg/</a>

## Portfolio

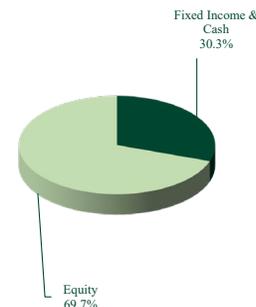
### Performance Figures

Date	Return
Q4-2025	14.4%
2025	40.8%
2024	29.9%
2023	44.4%
5-YTD	259.1%
Since Inception	920.7%

### Relative Performance



### Asset Allocation



## Market Outlook

### Egyptian Market:

The Egyptian market rose by 40.6% in EGP terms during 2025, while the EGP appreciated by 6.6%, implying a total market return of around 50% in USD terms. The market closed the year at 41,829 points just 1.1% below its all-time high of 42,305 points recorded on December 15th.

We note that corporates operating income increased by 24.3% during 9M25, indicating that the market's trading multiple expanded for the first time in several years. The forward P/E rose from around 6.0x to around 7.8x. This expansion was in line with trends across emerging markets, and despite the increase, the market continues to trade about 13% below its historic average P/E of 9.0x.

We believe the market will continue its positive momentum in 2026, supported by additional rate cuts, income recovery following the currency stability leading to stronger domestic demand, and favorable external dynamics mainly weak USD and stable oil prices. As a result, the market should benefit from healthy earnings growth alongside further multiple expansion in line with the expected performance of global and emerging equity markets.

### Market Commentary

- Egypt's annual headline inflation stood at 12.3% in December, easing from 12.5% in October. Higher food inflation was offset by slower non-food inflation, while fuel and rent price adjustments had limited passthrough. Core inflation declined to 11.8% from 12.5% in November.
- The Central Bank resumed easing, cutting rates by 100 bps in October and December, bringing total 2025 cuts to 725 bps. Falling inflation supports the accommodative stance despite fuel price adjustments. Policy rates now stand at 20.00% (deposit), 21.00% (lending), and 20.50% (main operation).
- Egypt's Net foreign reserves reached a record USD 51.45bn in December, up from USD 50.22bn in November.
- Remittances rose by 42.5% in 2025 to a record of USD 37.5bn, on a monthly basis, increased by 39.9% in November 2025, 26.2% in October 2025 and 30.9% in September 2025, compared to the same period last year, respectively.
- The IMF reached a staff-level agreement on the fifth and sixth Extended Fund Facility arrangement, potentially unlocking USD 2.5bn in funding.
- Egypt received USD 3.5bn under a Qatar-backed Mediterranean real estate and tourism project, part of a USD 7.5bn investment pledge.
- GDP grew 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%.
- S&P Global upgraded Egypt's rating to B with a stable outlook, while Fitch affirmed, citing reform-driven growth and FX rate liberalization.
- The current account deficit stood at USD 2.1bn in 2Q25, 45% y-o-y, as services and remittances offset a wider trade deficit, strengthening external balances.
- Average T-Bonds Net rate of Q4 2025:
  - 2Yrs: 18.141%
  - 3Yrs: 17.248%
  - 5Yrs: 15.689%

### Strategy

- The fund manager implemented a dual strategy of extending duration in anticipation of interest rate cuts next year, while utilizing the shorter end of the yield curve to increase profitability.