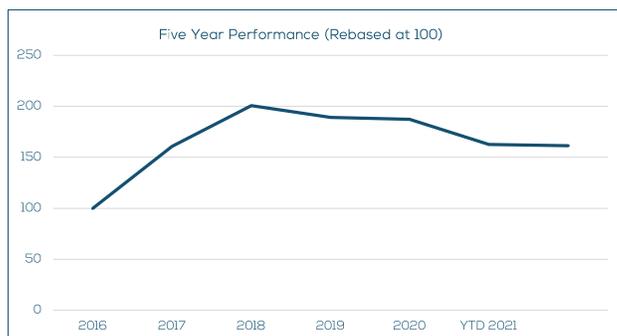


## Banque Misr Second Fund (Equity Fund)

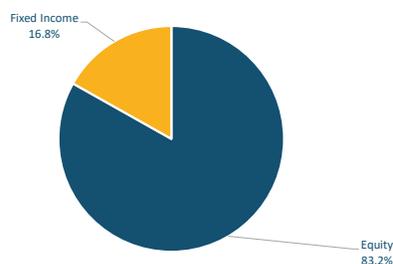
Mar-2021



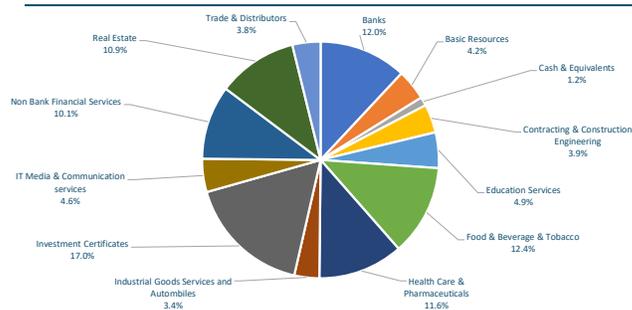
	2016	2017	2018	2019	2020	YTD 2021
Fund Performance	60.8%	24.8%	-5.8%	-1.0%	-13.1%	-0.8%
EGX 30 Index	76.2%	21.7%	-13.2%	7.1%	-22.3%	-2.6%
EGX 30 Capped	66.7%	27.2%	-14.9%	-2.3%	-19.0%	-2.7%

### Fund Exposure

#### Asset Allocation



#### Sector Allocation



### Disclaimer

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### Fund Details

Fund Type	Equity / Capital Growth
Fund Size	EGP 116 million
Fund Ic Price	EGP 89
Fund Manager	Misr Capital, S.A.E.
Inception Year	1995
NAV Calculation	Daily
Distribution	Annual
Fund Manager	
Fund's Auditors	Mazars & Baker Tilly

### Investment Guidelines

Equity	50%-95%
Fixed Income, Cash or Equivalents	5-50%
Risk Level	High

### Fund Objective

The fund's objective is to maximise capital growth while minimizing risk through prudent diversification by allocation, sector across securities. The fund invests mainly in equity shares listed on the Egyptian Stock Exchange.

### Subscription and Redemption

Available	Every working day until 12 pm.
Weekly NAV Publishing	Sundays (Al Ahram)
Certificate Purchase Fee	Nil
Certificate Redemption Fee	0.75%
Fund Manager Fee	0.2-0.3% (Formulaic)
Performance Benchmark	91 Day T-Bills (Net of Tax) + 3%

### Fund Ratios

Price to Earnings Ratio (Equity Portion)	10.5 x
Dividend Yield (Holdings, Equity Portion)	4.1%
Beta (Equity Portion)	0.84
Sharpe Ratio	2.2%

### Top 5 Security Holdings

Security	Percentage
Commercial International Bank (Egypt)	9.0%
Eastern Tobacco	5.2%
Egyptian Fin. Group-Hermes Holding	5.0%
Egyptian Kuwaiti Holding	4.9%
Cairo Investment And Real Estate Development	4.9%

### About the Manager

Misr Capital was established in 2010 as a subsidiary of Banque Misr; a deep-rooted public bank in Egypt and one of the largest financial institutions in Africa since 1920. Throughout the years, Misr Capital has become a leader of the Investment market in Egypt. With our new products, unprecedented ideas, and dominant market share; we step ahead of the crowd.

[misrcapital.com](http://misrcapital.com)

For more information, please visit:

**Banque Misr Call Center: 19888**

<https://www.banquemisr.com/en/capital-markets/mutual-funds>

[www.banquemisr.com](http://www.banquemisr.com)

## Banque Misr Second Fund (Equity Fund)

Mar-21

### Quarterly Newsletter

#### Market Performance

The Egyptian equity market, as measured by the EGX30 Capped Index, delivered negative -2.6% return in the first quarter of 2021, despite a strong start to the year. During the same period, global markets, as measured by the MSCI World Index, rose 5.0% (in USD), and global emerging markets, as measured by the MSCI Emerging Markets Index, rose +2.2% (in USD). Liquidity was squeezed in the Egyptian market starting in March, following a number of company-specific corporate actions, as well as de-risking by investors.

On the Fixed income market, Egyptian treasury yields rebounded both at the short and long end of the curve during Q1 2021. Treasury bills during the quarter rebounded around 60 basis points from an average of 12.73% at the end of December 2020 to 13.32% end of March 2021. Also, Treasury bonds yields recovered around 40 basis points ending the quarter at an average of 14.68% up from 14.26% at the end of December 2020. The rebound was driven by the Foreigners selling off part of their holdings in the local Egyptian debt as a result of the US treasury 10 year note rebounding from 0.9% to 1.75% during the same period on the back of concerns regarding rising inflation, commodities prices and better than expected economic recovery.

#### Global Developments:

Countries around the world are rolling out vaccines with varying, yet apparently adequate, degrees of effectiveness against the COVID-19 virus. Some 680 million people around the world have received a vaccination. This comes as cases continue to rise, which has required re-instating closures, particularly in Europe.

The World Bank expects the global economy to grow by 4% in 2021, compared to a decline of 4.3% recorded in 2020.

Commodity prices have risen, partly on the emerging economic recovery led by Asia, helped also by the large stimulus spending in the US, which has led to some weakness in the US dollar. Oil prices have recovered to pre-pandemic levels and have surpassed USD 60 per barrel. Consumer prices rose strongly in the United States in February, as household spending on fuel rose, but core inflation remained moderate amid weak demand for services such as air travel and lodging.

Global debt has reached a record 355% of gross domestic product (GDP), or USD 281 trillion, by the end of 2020, as governments and individuals borrowed nearly USD 24 trillion to counter the adverse economic impact of the COVID-19 pandemic.

The US approved an historic USD 1.9 trillion stimulus package, following other packages since the start of the pandemic in 2020. This has helped the flow of funds into capital markets, globally. The European Central Bank (ECB) kept the main interest rate at an historically low zero percent, pledging to maintain its ultra-flexible monetary policy to whether weakening economic output.

China's economic rebound has exceeded expectations, having dealt more swiftly with the pandemic, which is believed to have originated in the country. China's economic performance has partly driven the recent rise in commodity prices.

#### Local Developments:

The Monetary Policy Committee (MPC) of the Central Bank of Egypt decided, in its last meeting on March 18, to keep the interest rates on deposit and lending for one night and the rate of the main operation at 8.25%, 9.25% and 8.75%, respectively, amid declining inflation rates and expectations of a partial recovery of economic growth with easing of the closure restrictions due to the COVID-19 pandemic, in addition to interest rate developments in the United States of America and emerging markets.

Egypt's economy grew 2% in the second quarter of the fiscal year 2021, compared to 0.7% in the previous quarter. Foreign direct investment fell to USD 5.5 billion in 2020. However, foreign holdings in Egyptian treasuries rose to nearly USD 26 billion, driven by the country's relatively high real rate of return as inflation has fallen to below 5% over the past months. Net international reserves reached USD 40.2 billion, the highest level since April 2020, despite the fall in service exports, driven by a strong increase in overseas worker's remittances and foreign flows into government debt instruments.

The Central Bank of Egypt ordered banks to halt dividend payments for 2020 in order to shore up capital buffers amid economic uncertainty. The CBE also issued directives to increase lending to small and medium-sized companies and launched a new scheme to help lower and middle income groups finance home purchases at low interest rates and longer payment terms.

Diplomatic efforts to settle the dispute with Ethiopia over its dam on the Nile River have so far ended in non-agreement. Egypt's government has said it will protect its water rights.

Company earnings have been mixed but largely resilient in 2020, with most companies showing better results in the second half. Most company executives – across sectors – are optimistic about the future outlook and continue to invest in long term growth.

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