Al Baraka Bank Egypt Money Market Mutual Fund Compliant with Islamic Sharia Principles

Quarterly report
Q2 2026

Investment Objective

The principal investment objective of the fund is providing investors with daily liquidity while aiming to achieve the highest possible returns through offering a Shariah-compliant investment vehicle, in accordance with the guidelines approved by the Shariah Supervisory Committee, and by investing all of its assets in short-term liquid investments.

Investment Universe

The fund mainly invests in Treasury bills, government sukuk, and corporate sukuk.

All investments are subject to approval by the Shariah Supervisory Committee.

Maximum maturity of any investment held by the fund is 13 months.

Subscription/Redemption

The fund offers daily subscription/ redemption giving clients access to daily liquidity.
The valuation day for the fund is daily.

Fund Details

Type of Scheme	Open Ended
Inception date	September 2019
IC price	254.19 EGP
Dividends Since Inception	0.00 EGP
Duration	87.22 days
Fund Size	EGP 722.79 million
Reuters Lipper Code	68576623

Fund Manager

Management company	Hermes Portfolio and Fund Management
Fund Manager	Yehya Abdel Latif
Assistant Fund Manager	Aly Sallam

Contact Details

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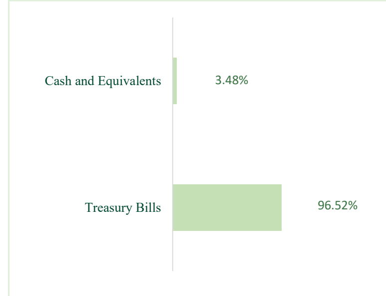
Portfolio

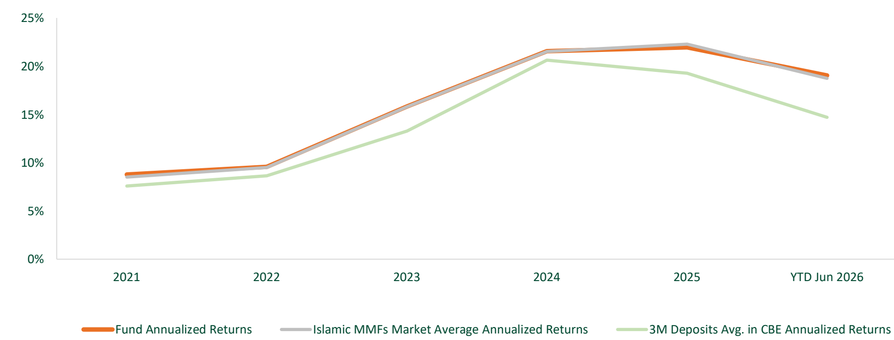
Performance Figures

Date	Return
Q2 2026	18.20%
YTD	19.05%
2025	21.95%
2024	21.56%
2023	15.85%
2022	9.57%
2021	8.78%

Asset Allocation



Relative Performance



Market Outlook

Market Commentary

- Effects of the US/Israel war on Iran left markets in a turmoil where huge volatility was witnessed across all asset classes; oil prices soaring to all time high of USD 119.50/bbl, disruptions of global supply chains, locally imposing pressures on EGP seeing around USD 7bn outflows in hot money driving currency to an all-time high of EGP 54.59/USD, and local debt market yields rising around 2% reaching 26%.
- Market volatility remained escalated throughout the majority of Q2-2026, with positive outlook on the war during the last 2 weeks of June, the markets have partially recovered from the war effects across different asset classes. However, it should be noted that geopolitical risks remain highly uncertain and could reignite at any time.
- EGP appreciated witnessing hot money inflows of around USD 9bn, pushing the FX from a high of EGP 54.59/USD to EGP 49.20/USD during Q2-2026.
- Although the Central Bank of Egypt resumed its easing cycle by cutting rates by 100 bps in February 2026 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 rates 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 14.60% in May 2026, decreasing from 14.90% in April 2026, leaving real interest rates around 4.90%. Core inflation was steady at 13.80% in May, compared to April.
- Egypt's Net foreign reserves continued its upward trend to reach USD 53.1bn in May, up from USD 53bn in April.
- Remittances from Egyptians working abroad climbed 33.2% Y-o-Y to USD 39.2bn in 10 months FY2025/2026 (Jul-Apr), according to the Central Bank of Egypt (CBE). In April, flows jumped 41% Y-o-Y to USD4.3bn.
- GDP grew by 5.3% in 4Q25 vs 4.3% 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%.
- The current account deficit stood at USD 4.649bn in Q1-2026 compared to USD 4.948bn in Q4-2026, as services and remittances offset a wider trade deficit, strengthening external balances.
- Average T-Bills Net rate Q2 2026:
  - 3 months: 19.284%
  - 6 months: 19.979%
  - 9 months: 20.093%
  - 12 months: 19.295%

Strategy

- With peace negotiations underway, market sentiment remains constructive, reflecting expectations that the ceasefire will be sustained. However, this outcome is not guaranteed, and any deterioration in geopolitical conditions could materially alter the market outlook. Accordingly, the fund manager will maintain the current duration positioning while continuing to closely monitor inflation dynamics and other macroeconomic developments that may warrant a reassessment of the strategy.