Egyptian Agricultural Bank (Al Massy)

Quarterly report
Q2-2026

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 73.97
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

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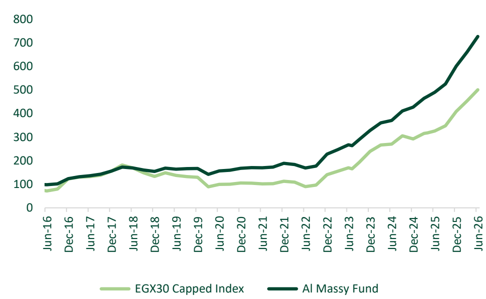
Portfolio

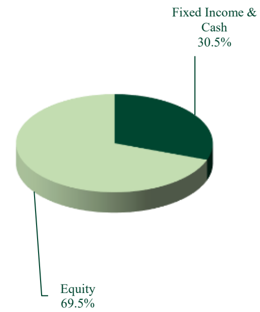
Performance Figures

Date	Return
Q2-2026	10.0%
YTD	20.9%
2025	40.8%
2024	29.9%
5-YTD	327.4%
Since Inception	1134.5%

Relative Performance



Asset Allocation



Market Outlook

Egyptian Market:

The Egyptian market had a strong quarter, rising by 11.4% to end the first half of 2026 up 20.7% in EGP terms. Moreover, the EGP appreciated by 11.0% against the USD in 2Q26, erasing most of the losses incurred in 1Q26 and end the first half down only 2.9%. As a result, the market finished the first half of 2026 up 17.2% in USD terms.

We note that market performance has slightly lagged earnings growth, with EGX 30 earnings increasing by 24.1% in 1Q26, while the market is currently trading at a 2016 estimated P/E of 8.7x, representing a 7.6% discount to its historical average of 9.3x. We also note that the market is trading at approximately 30% discount to MSCI EM index, compared with its historical average discount of around 20-25%.

We believe the Egyptian market will continue to move broadly in line with the MSCI EM index and is therefore expected to bene fit from improving expectations of global monetary policy and if the FED resumes its monetary easing in 2027, we expect the valuation gap between Egypt and the MSCI EM index to narrow towards its historical average.

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 ccy 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 affects across different asset classes. However, it should be noted that geopolitical risks remain highly uncertain and could reignite at any time.
- EGP currency 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 rate s 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 c 5% 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-Bonds Net rate Q2 2026:
    - 2YR Bond 18.16%
    - 3YR Bond 18.14%
    - 5YR Bond 15.76%

Strategy

- The fund manager's strategy is to maintain the current duration and preset weights to capitalize on high returns emanating from current market volatility, while adding to the non-treasury exposure to capture the yield enhancement effects. The manager will keep an eye on other opportunities that present itself.