

Fund Manager's Analysis

Fund's Performance

Market volatility increased by the end of the quarter with a negative bias owing to renewed friction in the streets. Average daily turnover amounted to USD40 million in the last month of the year with the bulk of trading emanating from local investors. The fund returns for 4Q 2011 amounted to -10.4% bringing its 2011 performance to -47.0% while the EGX30 showed a performance of -12.4% & -49.3% for the same periods respectively.

Economy & Market Outlook

Company result announcements had their share of news during the quarter. Orascom Construction Industries (OCI) reported net income of USD183 million for 3Q2011 showing an annual growth of 24% and a quarter-on-quarter growth of 11% due to a better low base result compared to the higher tax rate adjustments that were imposed during 2Q2011. On the real estate side, Talaat Moustafa Group (TMG) announced 3Q2011 results with a year-on-year and quarter-on-quarter drop of 40% in net income while top line figures showed a very strong performance with 80% and 56% increase in revenues on a year-on-year and quarter-on-quarter basis respectively. The company also announced new sales of EGP900 million during the quarter. More importantly, the conflict of "Madinaty" land was finally resolved after the Egyptian Administrative Court came with a decision in favor of TMG and announced that the contract is valid. On the telecom front, Egyptian Company for Mobile Services (Mobinil) released its 3Q2011 results with net income for the quarter amounting to EGP10 million on the back of high tax rate, cost of service and depreciation expense. The quarter results were negatively impacted by the boycott and loss in subscribers which started by the end of June 2011.

On the economic front, Egypt recorded an economic growth of 0.2% in the first quarter of the FY2011/2012 vs. 0.4% in the previous quarter. Vital economic sectors were hit during the quarter including tourism, manufacturing and construction while revenues from Suez Canal and Telecommunication sector remained stable. Annual Headline inflation accelerated to 9.1% in November on higher food prices while core inflation dropped to 7.0% year-on-year in November. On a separate note, net international reserves reached USD20.1 billion in November 2011 on the back of weakened current account and increasing dollarization pressures.

Investment Strategy

With market volatility prevailing during the current political evolution, the fund manager continues exploiting short term trading opportunities while keeping long term positions in defensive stocks. The cash position will be opportunistically allocated to long-term value plays on market dips.

For Further Information:

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Fund Performance

| Returns | Faisal Islamic Bank Fund |
|-----------------|--------------------------|
| Q4-2011 | -10.4% |
| 2011 | -47.0% |
| 2010 | 3.2% |
| 2009 | 10.6% |
| 2008 | -37.6% |
| 2007 | 34.4% |
| 2006 | 6.0% |
| 2005 | 63.2% |
| Since Inception | -12.9% |

Fund Information

| | |
|-----------------------------|---------------|
| IC Price | EGP 60.09 |
| Total Distributed Dividends | EGP 56.00 |
| Inception Date | December 2004 |
| Subscription/Redemption | Weekly/Weekly |
| Reuters Code | 65077570 |
| Bloomberg Ticker | EFGFISL |

Top Holdings

| Holding | Sector |
|---------------------------------|------------------------------|
| Sidi Kerir Petrochemicals | Chemicals |
| Talaat Mustafa Group | Real Estate |
| Orascom Construction Industries | Construction & Materials |
| EIPICO | Healthcare & Pharmaceuticals |
| Juhayna Food Industries | Food & Beverage |

Asset Allocation

