

Sanabel Fund Monthly Factsheet December 2023

Investment Objective

The fund aims to create an investment vehicle that invests mainly in Shariah-compliant stocks listed in the Egyptian stock exchange.

Fund Information

Investment Certificate (IC)	EGP 292.6592
Managed By	CI Asset Management
Fund Manager	Abdelkader Ashraf
Asset Class	Islamic Equity Fund
Inception Date	December 2006
Subscription	Daily up to 12:00 pm
Redemption	Weekly Thursday up to 12.00 pm
Investment Maximum Limits	Equities: 40%-95%
	Money market: 5% -50%
	Other mutual funds: 20%
	Per Stock: 15%

Historical Returns and Risk Ratios

1 Month Return	Fund	-0.42%		
	Benchmark	1.77%		
Return Indicators				
Period	Year-to-Date	6 Months	9 Months	12 Months
Fund Return	49.78%	27.48%	41.12%	49.78%
Benchmark (EGX30 Capped) Return	70.29%	40.91%	54.41%	70.29%
Excess Return	-20.51%	-13.43%	-13.29%	-20.51%

Key Market Developments

- The government raised electricity prices for household consumption by 8-21% after an 18-month postponement. The government has also increased prices for the industrial sector by c20%.
- The NTRA approved a 10-17% price hike for mobile network operators, marking the first increase in since 2017. Moreover, ETEL hiked the prices of its internet subscription packages by 29-33%.
- The government is expecting to resume rolling blackouts until the end of 1Q24 as pressure on electricity network continues amid the need to boost liquefied natural gas exports. The government is working to reduce power cuts to just one hour, down from the current two hours, after January.
- The MPC decided on the 21st of December 2023 to keep the CBE's overnight deposit, lending rate, and the rate of the main operation unchanged at 19.25%, 20.25%, and 19.75%, respectively. The discount rate was also kept unchanged at 19.75%.
- Annual urban inflation decelerates to 34.6% in Nov-23 from 35.8% in Oct-23 (+1.3% MoM vs. +1.0% MoM in Oct-23), the second consecutive deceleration after six months of acceleration. The YoY decline is mainly due to a favorable base. The monthly increase came mainly on 15.7% MoM higher tobacco prices, 2.4% MoM increase in transport, and 2% MoM higher clothing and footwear. Food and non-alcoholic beverages cost was almost flat MoM.
- Egypt is approaching an agreement with the IMF to increase its loan from USD3bn to USD6bn.
- Egypt's net foreign liability position narrowed to USD27bn in November from USD27.2bn in October.
- The government's budget deficit jumped during 5M23/24 by 92% YoY, recording EGP652.65bn, with the budget deficit rising to 5.51% of GDP compared to 3.37% during the same period of the last fiscal year.
- Egypt is set to repay the IMF USD261mn in January, out of USD6.7bn that are due during 2024.
- Egypt airports receive 47mn passengers in 2023 (+28% YoY).
- Egypt resumed its shipments of natural gas exports last October after a hiatus that lasted more than 5 months, with the amount of exports reaching 101mn cbm. Moreover, Egypt has been importing 1bn cbf/d of Israeli natural gas this week, up from the 850mn cbf/d in mid-November.
- Egypt plans to totally liberate the natural gas market within the coming 3-5 years, allowing private sector companies to import natural gas for themselves or for third parties. The tariff for natural gas imports will be set by the Gas Regulatory Authority.
- The CBE extends the period of exemption for "InstaPay" transactions from fees.
- The Prime Minister issued a decree in December deeming 7 goods as strategic commodities, namely blended oil, beans, rice, milk, sugar, pasta, and white cheese, which are prohibited from being withheld from selling. The decision will be enforced for a six-month period or until further notice.
- Ministry of Petroleum & Mineral Resources announced that Egypt has signed a total of 29 oil and gas exploration agreements in 2023 with investments of nearly USD1.2bn. The government has also drilled 87 new wells, with 65 new oil and gas discoveries.
- Fertilizer companies are reportedly in talks with the Ministry of Petroleum to increase natural gas supply by 20% to be able to meet 2024's export orders.
- Pharma industry sales grew (+31.1% YoY, +9.0% MoM) recording EGP15.1bn in November 2023. On a YTD basis, sales were up +23.0% YoY, amounting to EGP131.3bn during 11M23.
- The European Union has begun implementing a EUR9bn investment plan to help support Egypt's economic development in various fields, as well as address the growing repercussions amid regional conflict.
- The CBE has reportedly given verbal guidance to banks to suspend the use of newly issued credit cards for FX transactions.
- The government aims to increase Egypt's number of universities to 132 from the current 92 by 2030 at an investment cost of EGP250bn, out of which EGP150bn could come from the private sector. Additionally, The government wants to grow private education contribution to Egypt's market for education services from the current 25% to at least 40%.

- Egypt's ceramic companies have set a new strategy to increase exports to African countries during the upcoming year, supported by the increase in shipping costs for competition amid the rising Red Sea tensions.
- The Cabinet has approved a new EGP50bn tourism initiative where companies can receive up to EGP1bn (and EGP2bn for related parties). Funds can be directed towards building new hotel rooms or acquiring existing ones, which were non-operational. Companies benefiting are obliged to sell at least 40% of the hotels' FCY revenues through the official banking system for a period of five years, so long as there are outstanding payments under the initiative.
- Cement exports witnessed a 20% YoY increase to USD688mn in 10M23.
- The government has secured cUSD5.6bn from selling stakes in 14 state-owned companies. Meanwhile, the IFC sees potential in airports, communications, insurance and banking sectors to be added to the privatization program.
- Remittances to Egypt declined by 15% YoY in 2023 to USD24.2bn, largely due to the major gap between the official and unofficial exchange rate pushing Egyptians abroad to send in their remittances through unofficial channels.
- The expat cars import initiation gathered USD171mn since its extension in October with 59k requests. The extension ends by 30th January 2024.
- Non-oil exports rise 5.3% YoY in 10MFY23 to USD29.5bn. The leading non-oil sector was building materials and metal-based industries, reaching a total of USD7.2bn vs. USD5.8bn over the same period last year. Agriculture and food products reached USD7.2bn vs. USD 6.4bn a year earlier. Meanwhile, chemical and fertilizer exports dropped to USD5.4bn vs. USD7.3bn last year.

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