arab african investment management

March , 2026

Monthly Investment Report

kenz FORAS

In March, EGX30 declined by 7.9%, bringing its year-to-date performance to 8.3%. This disappointing performance was primarily driven by escalating geopolitical tensions stemming from the U.S.–Israel war with Iran, which triggered a sharp risk-off sentiment across several markets. The conflict disrupted global energy supply chains, with oil prices rising above USD 100/bbl amid threats to the Strait of Hormuz, fueling inflation concerns and putting pressure on Egypt's macro-outlook. Global markets also trended downward during the month, with the MSCI Emerging Markets Index declining by 9.3%. U.S. markets showed a similar performance, as the S&P 500 fell by 5.1%, the Nasdaq Composite dropped by 4.9%, and the Dow Jones Industrial Average declined by 5.4%.

On the monetary front, The Monetary Policy Committee (MPC) of the Central Bank of Egypt (CBE) in its first meeting since the eruption of the Iran war, paused its monetary easing cycle by keeping the policy rates unchanged with the overnight deposit rate, overnight lending rate, and the rate of the main operation at 19.0%, 20.0%, and 19.50%, respectively. The discount rate was also maintained at 19.5%, This comes as the global outlook remains highly uncertain, with the ultimate impact on growth and inflation dependent on the persistence and extent of geopolitical shocks and related supply chain disruptions. Meanwhile, Egypt's annual urban inflation rate accelerated to 13.4% in February, up from 11.9% in January, driven by higher food, rent, and education costs. Annual core inflation also increased to 12.7%, while monthly urban inflation rose to 2.8% from 1.2% in January.

Egypt's non-oil private sector saw a further deterioration in operating conditions in March, as the headline PMI declined to 48.0 from the previous month, marking the lowest reading since April 2024 and the third consecutive month below the 50.0 threshold. The weakness was broad-based, with output and new orders contracting at the fastest pace in nearly two years amid the Middle East war, which weighed on demand and increased price pressures. Purchasing activity edged up slightly after two months of decline, while employment stabilized following earlier job cuts. On the pricing front, input cost inflation accelerated to the joint-highest level in 18 months, driven by higher fuel and input costs and a stronger US dollar, while selling prices rose at the fastest pace since May 2025, albeit remaining relatively modest.

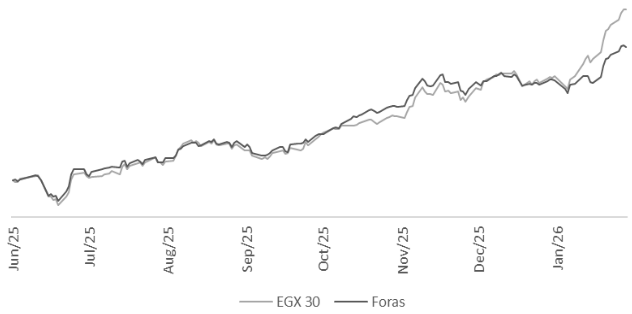
Fund Type	Equity Fund
Fund Manager	AAIM
Launch Date	June 2025
Domicile	Egypt
Fund Currency	EGP
Administrator	Catalyst
Custodian	HDB
Certificate Price*	EGP 130.22
Subscription/ Redemption**	Daily
Performance Fee	7% over hurdle rate***
Admin. Fee	0.50%
Custodian Fee	0.30%
Subscription Fee	None
Redemption Fee	None
Min. Investment	10 Certificates

* Price as of 31/3/2026 ** Sub./redemption until 12pm throughout AAIB branches. NAV is published weekly in Al Borsa Newspaper ***Hurdle rate is 1 year T-bills after tax

Performance

Month	2025	Since Inception*
-7.2%	28%	30.2%

*Inception date is 1 June 2025.



Egypt's net international reserves (NIRs) increased by USD 85.1 million in March to reach USD 52.83 billion, according to data from the Central Bank of Egypt. In contrast, Egypt's banking sector net foreign assets (NFAs) recorded a notable contraction in February 2026, declining by USD 2.6 billion MoM to approximately USD 12 billion, driven by a sharper drop in foreign assets relative to liabilities. Total foreign assets fell by USD 4.95 billion, while foreign liabilities declined by USD 2.4 billion, reflecting continued FX outflows and balance sheet adjustments. On a consolidated level, total NFAs (including the CBE) declined by USD 1.8 billion MoM to USD 27.7 billion, compared to USD 29.5 billion in January 2026. This came despite a USD 0.8 billion increase in the CBE's net foreign assets, which partially offset the deterioration in commercial banks' external positions.