

BankMuscat MSCI® Kuwait Fund

Fund Update Feb 2011

NAV (per unit) : USD 0.6087

Investment Manager's Report:

Kuwaiti stocks closed with strong losses on February, as investors were undone by worries about political tension in the Middle East. These worries overshadowed a solid kickoff to the earnings season. Investors confidence is in the bottom at the moment and the volume is light. Major indices slumped to their lowest levels since September 2010. Furthermore, Zain deal is still striving to reach an end after it rejected all three offers for its 25 percent stake in Zain-Saudi and three of its top executives have resigned for personal commitments.

The recent fall escalated the Kuwait price index's year-to-date losses to 6.8 percent. The market capitalization reached KWD34.07bn at the end of the month. Volume of shares traded on the bourse, decreased during February by 58.89 percent on a m-o-m basis, aggregating to 2.43bn shares traded. While the value of shares traded on the bourse decreased by 44.36 percent, aggregating to KWD470.09mn.

All market sectors were in February 2011. On a monthly basis, the Investment Sector saw the biggest decline, shedding 9.83 percent of its value. The Services sector was also a notable loser, shedding 5.97 percent of its value. Zain, the biggest listed company in the bourse, ended the month with a 5.48 percent drop in its share value after it was fined USD262mn for licensing agreement violations by the Iraq's Communications and Media Commission.

Fund Performance:

| Period | BM MSCI® Kuwait Fund | MSCI Kuwait Index |
|---------|----------------------|-------------------|
| 1 Month | -6.1% | -5.4% |
| 3 Month | -2.6% | -0.4% |
| YTD | -7.3% | -6.1% |

Top 10 Holdings (% of Assets)

| Company | % | Company | % |
|-------------------------|-------|----------------------------|--------------|
| Zain | 35.6% | Agility | 2.4% |
| National Bank Of Kuwait | 22.3% | National Industries | 2.2% |
| Kuwait Finance House | 13.2% | Boubyan Petrochemicals | 2.2% |
| Gulf Bank of Kuwait | 5.3% | Burgan Bank | 2.1% |
| Boubyan Bank | 3.9% | Kuwait Investment Projects | 2.0% |
| | | TOTAL | 91.2% |

FUND HIGHLIGHTS

Investment Objectives:

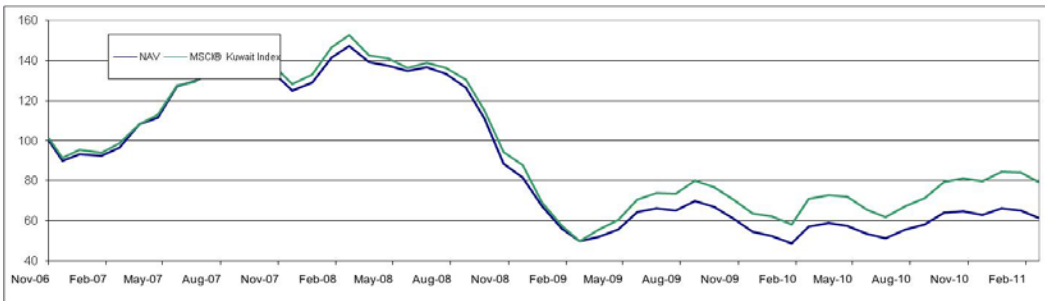
The investment objective of the BankMuscat MSCI® Kuwait Fund is to replicate the performance of the shares listed in the MSCI Kuwait IndexSM. The Fund provides the opportunity for capital growth from any increases in the overall share prices of the Kuwaiti companies. The fund will reinvest the income received out of the dividend distribution from the companies comprising part of its portfolio

Benchmark:

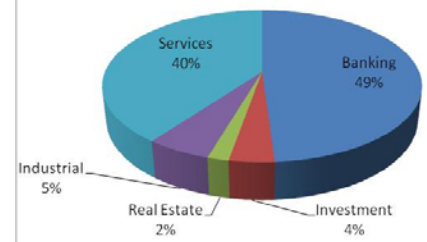
MSCI Kuwait IndexSM

General Information:

| | |
|--|-----------------------------------|
| Launch Date: | October 2006 |
| Type: | Open Ended |
| Valuation: | Daily |
| Subscription: | Daily |
| ISIN | BH000A0MRJV1 |
| Bloomberg Code | BKMUSCA BI |
| Min Subscription: | USD 10,000 |
| Subsequent Subscr: | USD 1,000 |
| Investment Manager: | BankMuscat Asset Mgmt. |
| Custodian, Registrar & Administrator: | SICO Funds Services Co. BSC |
| Subscription Fee: | Upto 2% |
| Management Fee: | 0.85% p.a. |
| Admin & Custody Fee: | 0.25% p.a. |



Sectoral Allocation



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