

BankMuscat MSCI® Kuwait Fund

Fund Update Apr 2010

NAV (per unit) : USD 0.5716

Investment Manager's Report:

After recording a positive performance in February and March, the Kuwait Stock Exchange reversed its upward trend, losing. The main influences on the market included the release of earnings results and S&P's updated ratings on the Kuwaiti financial services sector. S&P Ratings Services downgraded the ratings on Gulf Investment Corporation, including lowering the counterparty credit ratings to 'BB-/B' from 'BBB-/A-3', and placed the long-term ratings on CreditWatch with negative implications. The agency also lowered the long-term counterparty credit rating of Commercial Bank of Kuwait (CBK) from 'A-' to 'BBB' with a stable outlook. Consequently CBK declined by 3.2%. Meanwhile, National Bank of Kuwait (NBK) reported a Q1 10 net profit of KWD 76.2 million, an increase of 20% compared to Q1 09. The stock gained 3.3% during April.

Also in the financial sector, Gulf Invest International announced that it had defaulted on a AED 200 million loan to Abu Dhabi Commercial Bank, while its guarantor UAE's Shuaa Capital is in talks to restructure the loan. In the telecom sector, Mobile Telecommunications Company (Zain) Board of Directors has recommended increasing its cash dividend distribution by 240% to reach KWD 0.17 per share for FY 09 compared to a cash dividend of KWD 0.05 per share for FY 08. Despite the hike in dividends, stock performance was negative, down 2.9%. On the macro front, Kuwait's M2 money supply, an indicator of future inflation, decelerated 3.1% in March 2010 compared to March 2009 to reach KWD 25.6 billion.

Fund Performance:

Period	BM MSCI® Kuwait Fund	MSCI Kuwait Index
1 Month	-2.3%	-1.4%
3 Month	18.3%	23.4%
YTD	10.0%	15.8%

Top 10 Holdings (% of Assets)

Company	%	Company	%
Zain	32.8%	Agility	4.0%
National Bank Of Kuwait	16.8%	Gulf Bank of Kuwait	2.9%
Kuwait Finance House	10.9%	National Industries	2.8%
Commercial Bank of Kuwait	4.4%	Kuwait Investment Projects	2.2%
Boubyan Bank	4.2%	Boubyan Petrochemicals	2.2%
		TOTAL	82.5%

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:

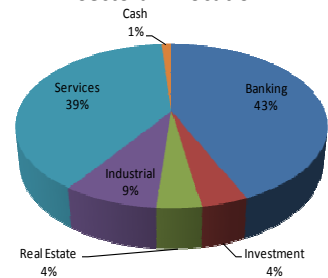
MSCI Kuwait IndexSM

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



BankMuscat – Asset Management Division
Tel No: + (968) 24-768603/2/1, Fax No: + (968) 24-798234.
E-Mail: fundmanagementteam@bankmuscat.com

The above terms constitute neither an offer to sell to the public nor the solicitation of an offer to buy any security from the public. This document is not intended to represent the conclusive terms and conditions of any security or transaction, nor to notify you of any possible risks, direct or indirect, in undertaking such a transaction. Not all products are suitable for all investors. Investors should have sufficient knowledge, experience and/or suitable professional legal, regulatory, tax, business and accounting advice to undertake their own assessment.

بنك مسقط
BankMuscat
إدارة الأصول
ASSET MANAGEMENT