

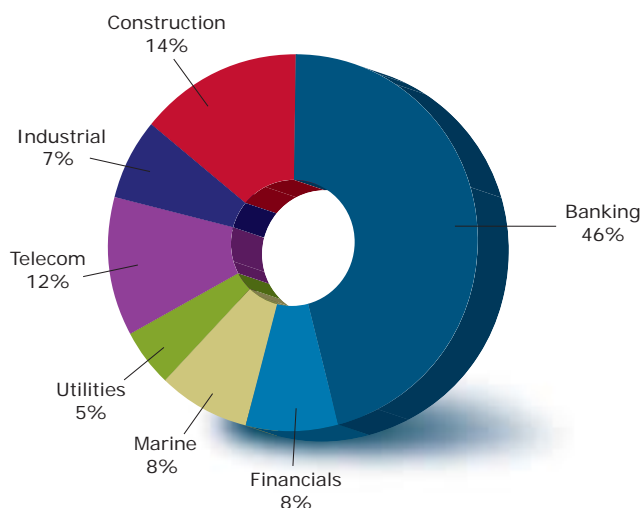
Investment Manager's Commentary

The local market was steady during the month of November and the MSM-30 index gaining 0.6%. The markets globally were under pressure due to the rising tension in Korea and the debt crisis in Euro zone. While the fundamentals in the local markets like positive earnings reports from corporate and rising oil prices were positive the negative global sentiments tempered the market rise.

The Industry Index fell by 0.56%, services index fell by 1.68% while banking index was down -3.64%. The market breadth was negative with 41 securities ending in the negative territory and 27 securities were up out of the 84 securities that got traded. Oman Chlorine (15.4%), Voltamp Energy (10.84%) and Renaissance (8.5%) were the key gainers during the month, while Global Financial (-9.33%), Al Anwar Holding (-8.9%) and Onic Holding (-7.2%) were the top losers among the index stocks.

The government spending continues to be positive with the tender board awarding contracts for infrastructure development. The Salalah airport reconstruction project has been announced with a projected spending of around RO 300 mn. The earnings growth of the most of the companies has been positive for the quarter. Banks have reported growth in Net interest margins although credit growth has been muted so far. We remain optimistic on the market performance over the medium term. The valuation continues to be attractive.

Sectoral Allocation



Top Ten Holdings

BankMuscat	12.9%
BankDhofar	9.9%
Omantel	8.6%
National Bank of Oman	8.2%
Renaissance Services	7.6%
Oman International Bank	5.7%
Bank Sohar	5.7%
Raysut Cement	5.1%
Shell Oman Market	4.3%
Galfar Engg	4.3%

Fund Performance

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
MF	0.5%	5.1%	5.0%	5.4%	-19.9%	44.0%
MSM	0.6%	5.4%	3.5%	4.0%	-21.7%	36.1%

Sharpe Ratio	Annualized Alpha	Beta	Standard Deviation	R Squared	Tracking Error	Treynor Ratio	Information Ratio
0.08	1.27%	0.99	12.34%	0.92	3.46%	0.34%	0.35

For further information, please contact: Tel: +968 24768620/7983, e-mail: fundmanagementteam@bankmuscat.com
BankMuscat Asset Management
BankMuscat, PO Box 134, PC 112, Ruwi, Sultanate of Oman Fax: 24798234