

August 2018

## bank muscat Muscat Fund

NAV: OMR 0.737  
USD 1.91

### Objective

The investment objective of the Fund is to outperform the MSM30 Index by investing at least 80% of the money in stocks that are part of the MSM30 Index. The allocation to each share can deviate up to 20% from its weight in the MSM30 Index. The Fund has the discretion to invest up to 20% of the Fund's corpus into shares that are listed on the MSM but are not part of the MSM30 Index and to subscribe in initial public offerings in Oman and also to invest in Global Depository Receipts Listed on a foreign exchange of stocks that are listed on MSM.

### Commentary

The MSM30 index was the second best performing market in the region during the month with gains of 1.9% during the month. This was the first rise in the market after five consecutive months of decline. During the year so far the index is down by 13.3%. The positive performance came primarily on the back of gains reported by the Financial sector that more than offset declines reported by the Industrial and Services indices. The Financial Index was up 2.3% during the month.

Trading activity in the market declined during the month with both volume and value traded trending downward mainly attributed to the long Eid break during the month along with holiday season.

The second quarter results for the Oman companies show growth of 15% on the profit compared to the similar period last year. The financial sector showed the highest growth of 18.8% supported by the banks and holding companies. The profit for the industrial sector declined by 38% as the slower construction activity impacted the volumes for the companies. The profit for the services sector is up by 17.6% supported by the growth in the telecom companies.

The fund NAV moved up 1.7% during the month in line with the change in the index. As you are aware, the fund is rebalancing its portfolio after the changes in the MSM30 index. However, the lower liquidity in some of the key index constituents is delaying the rebalancing process thus impacting the fund performance in the near term.

The activity in the market is expected to be driven by the first half results of companies and trends in the oil and global markets. The higher investor participation may benefit the liquidity levels in the market. The Oman market continues to remain cheap with a price to earnings multiple around 10.6x based on 2018 multiples and dividend yield in the range of 4%-5%. This is expected to help the market performance thus benefiting the portfolio performance in the medium term.

### Portfolio Performance

Name	MTD	YTD	1 Year*	3 Years*	5 Years*
bank muscat Muscat Fund	1.7	-9.7	-10.4	-7.0	-5.7
MSM30	1.9	-13.3	-12.5	-9.0	-8.0

\* Annualized

### Fund Highlights

Fund Manager	Ali Dawood Al Lawati
Inception	Jun-94
Structure	Open ended Mutual Fund
Custodian	Bank Muscat SAOG
Domicile	Oman
Benchmark	MSM30
Currency	OMR/USD
Risk Profile	High
Min Initial purchase	OMR 50
Min Additional Purchase	OMR 50
Initial Subscription Fee	Up to 3%
Annual Management fee	1.25%
Valuation	Daily
Subscription/Redemption	Daily

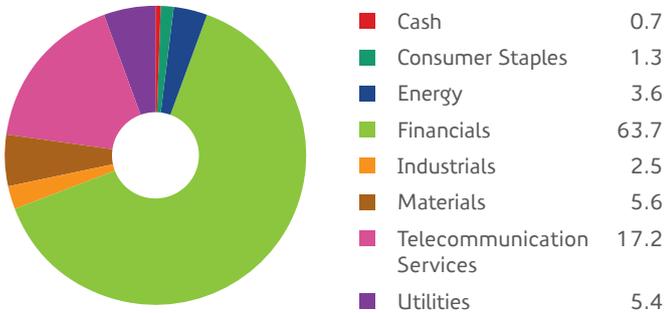
### Top 10 Holdings

Company Name	% NAV
BANKMUSCAT SAOG	11.3
OMAN TELECOMMUNICATIONS CO	8.7
BANK SOHAR	8.7
OOREDOO	8.4
BANK DHOFAR SAOG	7.8
BANK NIZWA	6.8
AHLI BANK	6.8
NATIONAL BANK OF OMAN SAOG	6.0
OMINVEST	5.7
HSBC BANK OMAN	4.7

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## Sectoral Allocation



## Risk History (3 years)

Volatility	10.5%
Sharpe Ratio	-1.21

For further information, please contact:

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