

December 2018

bank muscat Money Market Fund

Objective

The Fund's objective is to generate maximum returns with preservation of capital and daily liquidity. The Fund seeks to achieve this by investing in liquid, high quality money market instruments including deposits issued by entities primarily in Oman and the GCC.

Fund Highlight

- 1) The Fund is designed for temporary or short term investment of surplus cash & liquidity.
- 2) The Fund aims to protect capital, provide liquidity & produce attractive yield.

Commentary

The annualized fund return over the last month was 2.97% p.a., higher than the typical call rate of 0.5%-1.0% p.a offered by banks in Oman. The return of the Fund remained higher as compared to 3 month average deposit rate of 1.87% based on the quotes received from most of the local banks in Oman. However, the bank deposit rates do not offer daily liquidity while MMF offers daily liquidity with attractive returns.

The Oman Government bonds listed in international exchanges saw the yields in the 5-year Government bonds increase to 6.268% from 5.535%. Also, the 10-year Oman Government bonds saw the yields increase from 6.699% to 7.306%. The increase in yield was driven by change in Oman Government International Bonds credit rating by Fitch to BB+. However, Fitch provided stable outlook rating for Oman Government bonds.

During the end of the month, Oman treasury bills were tendered at a yield of 2.40% for tenor of 28 days, which was higher compared to 2.28% seen in November. The rates in GCC move typically in tandem with US Federal Reserve Rates. The US Fed decided to increase the rates by 25 bps to 2.25% to 2.50%.

The bank muscat Money Market Fund has seen a strong track record in terms of providing liquidity and attractive returns for short term cash management for the investors. The Fund continued to generate good and consistent performance as shown in returns below:

Particular	Dec-18	Nov-18	Oct-18	Sep-18	Aug-18	Jul-18	Jun-18	May-18	Apr-18	Mar-18	Feb-18	Jan-18
Return*	2.97%	2.93%	2.86%	2.88%	2.72%	2.40%	2.44%	2.40%	2.40%	2.15%	2.04%	2.01%
Weighted Average Maturity (Days)	126	126	129	131	150	154	126	131	149	143	150	211

* Annualized Returns

Performance

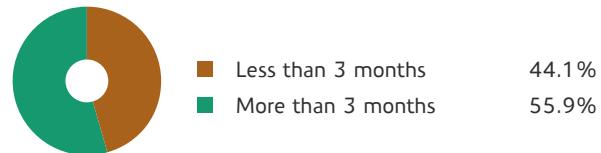
Name	1 Month	3 Months	6 Months	12 Months
bm Money Market Fund	2.97%	2.93%	2.86%	2.56%

Annualized Returns

Fund Information

Fund Manager	Sachin Sawrikar
Custodian	bank muscat SAOG
Domicile Oman	Oman
Risk Profile	Low

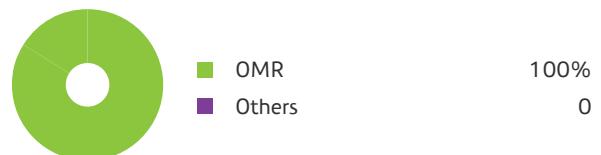
Deposit Profile



Geographic Allocation



Currency Profile



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