

**August 2018**

## bank muscat Oryx Fund

**NAV:** OMR 1.811  
 USD 4.7

### Objective

The Fund's main objective to achieve long-term capital appreciation by investing in a diversified basket of equities listed on the MENA region stock exchanges.

### Commentary

The regional markets were mixed in August with the overall S&P GCC Index dropping 2.5% MoM due to the pressure on index-heavyweight Saudi Banks amidst lower trading activity on account of the longer holidays across the region. Oil prices rallied in the second half of the month, rising +4.3% MoM, as US sanctions on Iranian oil are expected to lead to tighter global crude supplies. Markets were led by Egypt and Abu Dhabi, up 2.9% and 2.6% MoM, respectively. Strong corporate results have driven investors to reevaluate the Egyptian market while the rally in Abu Dhabi was primarily driven by the rally in FAB. Oman also recovered 1.9% MoM from year lows while Qatar continues to surprise closing +0.6% MoM and 16.0% YTD. Saudi was the worst performing market, declining 4.2% MoM as foreign investors exited on low liquidity. Dubai continued to decline, falling 3.9% MoM while Kuwait closed the month -0.7% MoM. Overall market liquidity was lower due to the Eid ul Azha holidays with Saudi trading USD 849 mn on average per day (vs USD 978 mn on average YTD).

The Oryx Fund closed the month 2.5% lower MoM, in line with the S&P GCC Index. Our position in UAE contributed positively to the performance while our positioned in Saudi banks were a drag on performance.

Second quarter reporting season has now come to a close and earnings have been generally been strong. Earnings in Saudi increased 25% YoY, primarily on higher reported earnings from petrochemicals. Al Rajhi, Sabic, Kayan and Tasnee all reported strong growth but we saw muted results from the Saudi consumer sector. Aggregate earnings in UAE improved 20% driven by the banking sector while earnings in Qatar were up 8% YoY led by IQCD. Profitability in Kuwait improved +6% YoY while in Oman earnings were down 9% due to the ongoing pressure on the utilities and consumers sectors.

In a major development during the month under review, Saudi Arabia called off its plans for listing Saudi Aramco, shifting its focus instead to the acquisition of a 'strategic stake' in SABIC. In other news, Hajj pilgrim numbers came in at 2.37 mn, up 0.8% YoY. Over in Qatar, the Emir announced USD 15 bn investments for Turkey to support the economy. Finally, in Oman, Musandam Power Company announced plans to launch an IPO before the end of the year.

We continue to have a positive outlook on the GCC markets. Our outlook is underpinned by improving oil fundamentals which will allow the regional economies to continue with structural reforms but relax austerity measures. We continue to like Kuwait which is set to enter the FTSE EM Index by the end of this month. In Saudi, we are overweight on the large cap Banks and Petrochemicals. We hold selective exposure in Qatar and UAE. We believe the portfolio is well positioned to benefit from ongoing regional themes of EM upgrade, Expo 2020 and World Cup.

### Portfolio Performance

Name	MTD	YTD	1 Year*	3 Years*	5 Years*
bank muscat Oryx Fund	-2.5	5.2	4.3	5.1	9.1
S&P GCC Composite Index	-2.5	9.5	7.8	1.4	0.1

\* Annualized

### Fund Highlights

Fund Manager	Shirish Raut
Inception Date	05/09/94
Structure	Open Ended Mutual Fund
Custodian	bank muscat SAOG
Domicile	Oman
Benchmark	S&P GCC Large Cap Index
Currency	OMR/USD
Risk Profile	High
Minimum Initial Purchase	OMR 50
Min. Additional Purchase	OMR 50
Initial Subscription Fee	Up to 3%
Annual Management Fee	1.85%
Valuation	Daily
Subscription & Redemption	Daily

### Top 3 Holdings

Company Name	Weights (%)
AL RAJHI BANK	8.3
NMC HEALTH PLC	6.6
SAMBA FINANCIAL GROUP	4.6

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## Sectoral Allocation

■ Cash	0.5
■ Consumer Discretionary	7.0
■ Consumer Staples	3.1
■ Financials	47.5
■ Health Care	10.8
■ Industrials	8.1
■ Materials	18.3
■ Telecommunication Services	4.7

## Geographic Allocation

■ Cash	0.5
■ Egypt	1.6
■ Kuwait	13.9
■ Qatar	6.3
■ Saudi Arabia	59.3
■ United Arab Emirates	18.4

## Risk History (3 years)

Volatility	10.2%
Sharpe Ratio	0.3

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