

October 2018

bank muscat Oryx Fund

NAV: OMR 1.797

USD 4.67

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

Global equity markets witnessed a wider sell-off during October-18 with all major equity markets trending downwards during the month. The MSCI World index witnessed its biggest monthly decline since May-2012 after falling 7.5% during the month, on the back of multiple factors including concerns of slower global economic growth, ongoing trade war, slowdown in China and higher US interest rates.

Regional markets closed flat for the month but this masks the intra-month volatility where the S&P GCC Index was down 5.8% at one point before recovering towards the end of the month. Oil prices also suffered their worst monthly drop in more than two years, down 10.8% MoM, as IMF lowered global growth forecasts. Within the region, Qatar continued to exceed expectations and was the only market that closed in the green for the month, rising 5.0% MoM. All other markets closed lower for the month under review with Saudi down 1.2%, Abu Dhabi down 0.7%, Kuwait down 1.7%, Dubai down 1.8 and Oman down 2.7%.

The Oryx fund Portfolio closed the month -0.3% lower MoM, against returns of 0.1% in S&P GCC Index. Positive contributors to the portfolio performance our positions in Saudi retail which posted resilient third quarter earnings. However, our positions in Saudi petrochemical stocks contributed negatively due to the decline in oil prices. Overall, the fund is now up 4.3% YTD.

Third quarter earnings that have been announced so far have held no major surprises except the consumer sector which showed resilient performance against the overall expectations. For Saudi banks, loan growth continues to be subdued while spreads continue to climb upwards. Petrochemical earnings were higher year-on-year but contracted quarter-on-quarter due to higher feedstock prices. Elsewhere, UAE large cap banks continue to report strong numbers on higher spreads and loan growth expectations. Earnings in Qatar have been relatively mixed with banking sector performing better than other sectors.

Our outlook for the region remains positive as we move towards the end of year. While oil prices have recently corrected, they remain at comfortable levels for regional economies. The domestic demand in GCC is expected to improve going forward and we also expect government spending to pick up in 2019. Overall, Saudi and Kuwait are our most preferred markets as we play the MSCI and FTSE flows over the next six months. We also expect sentiment to improve in UAE in 2H 2019 as the Expo 2020 preparations step up. The fund is well positioned to benefit from these trends.

Portfolio Performance

Name	MTD	YTD	2 Year	3 Years*	5 Years*
bank muscat Oryx Fund	-0.3	4.3	13.4	5.2	8.1
S&P GCC Composite Index	0.1	9.9	10.8	2.8	-0.6

* 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

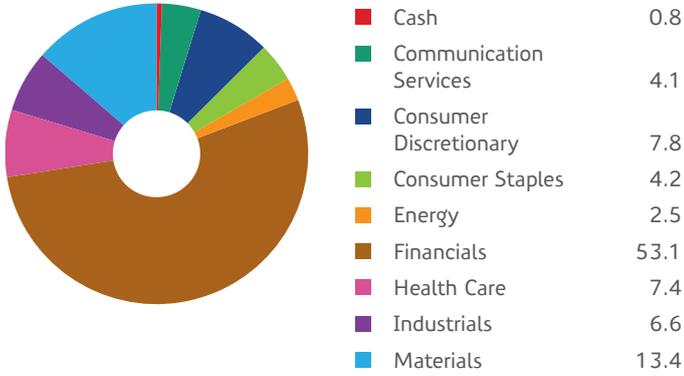
Top 3 Holdings

Company Name	Weights (%)
AL RAJHI BANK	9.3
NMC HEALTH PLC	5.9
NATIONAL COMMERCIAL BANK	5.2

For further information, please contact:
bank muscat Asset Management
 P.O. Box 134, PC 112, Ruwi, Sultanate of Oman.
 Tel: +968 24768620/7983
 E-mail: assetmanagement@bankmuscat.com. Website: www.bankmuscat.com/assetmanagement

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Sectoral Allocation



Geographic Allocation



Risk History (3 years)

Volatility	10.1%
Sharpe Ratio	0.2

For further information, please contact:

bank muscat Asset Management

P.O. Box 134, PC 112, Ruwi, Sultanate of Oman.

Tel: +968 24768620/7983

E-mail: assetmanagement@bankmuscat.com. Website: www.bankmuscat.com/assetmanagement

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