



# Bank Muscat Al Tharwa Fund

## Objective

The primary objective of the Fund is to generate regular income and capital appreciation by investing in a diversified portfolio of equity and fixed income instruments in the GCC and international markets.

## Portfolio Report

Global equity markets ended lower in December, as investors resorted to profit booking after a strong year of gains. Despite a 2.7% decline in MSCI World index during December, the index closed the year with 17% gain. MSCI EM (-0.3% in December) settled for annual gain of 5.1%. Technology stocks maintained their outperformance with NASDAQ delivering return of 28.6% in 2024, compared to 23.3% rise in S&P 500. The Federal Reserve continued with the interest rate reduction cycle by cutting benchmark rates by 25bps to the 4.25-4.50% range.

Regional markets recovered after two consecutive months of losses. The S&P GCC Index advanced 3.3% in December, thereby ending the year with 2% gain. For the month, Dubai (+6.4%) was the best performer among the GCC markets, followed by Saudi Arabia (+3.4%), Abu Dhabi (+2.0%), Qatar (+1.5%), Kuwait (+1.0%) and Oman (+0.3%). Bahrain (-2.3%) was the only market in the region that ended lower.

Looking back at 2024, Dubai (+27.1%) delivered the best returns followed by Kuwait (+4.8%), Oman (+1.4%), Bahrain (+0.7%) and Saudi Arabia (+0.6%). On the flip side, Abu Dhabi (-1.7%) and Qatar (-2.4%) posted losses.

Fixed Income markets ended the year on a subdued note as the Fed policy in December indicated that there will be fewer rate cuts in 2025, which adversely impacted market sentiments. As a result of US Federal Reserve comments on a gradual rate easing cycle, the bond yields spiked, with the US 10-year benchmark yield breaching the 4.5% mark, ending the year at 4.58%, which is an increase of 40bps MoM. The Bloomberg global aggregate bond index (LEGATRUU Index) dropped 2.2% during the month and for 2024, the index is down 1.7%. The GCC Bond index also was down 1.6% for the month but managed a marginal gain of 1.3% for the year.

Since inception, the fund's NAV is marginally down (-0.13%). However, the fund managed to navigate volatility in global markets and did relatively better compared to market performance. During the period since fund's inception till end of 2024, the MSCI World index was down 0.34% while Bloomberg Global aggregate bond index (LEGATRUU Index) was down 4.94%. GCC markets also traded weak with S&P GCC Composite Equity Index declining -0.14% while S&P GCC Bond and Sukuk Index declined 3.31% (data from 26 Sep - 31 Dec 2024).

The expected interest rate trajectory remains downward. However, owing to strong economy and sticky inflation, the projected rate cut expectations have narrowed from 100bps to 50bps. The equity market outlook for the medium to long term remains positive due to a combination of decent corporate earnings and anticipated interest rate unwinding cycle. We remain selective in our investment approach, with a focus on improving the medium term returns in the fund. On the other hand, fixed income asset class offers a good investment proposition with attractive yields and coupons that enhance overall portfolio returns and diversify allocation. An optimal mix of both asset classes would provide investors with combination of income & capital appreciation, asset allocation benefit and reduced volatility.

## Portfolio Performance

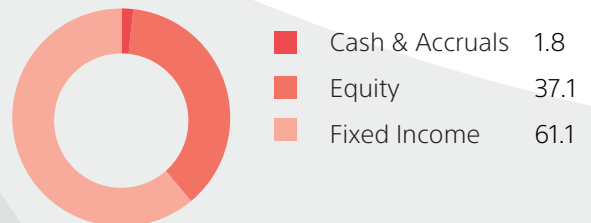
Portfolio Name	MTD	Since Inception*
Bank Muscat Al Tharwa Fund	-1.1%	-0.1%

\*Inception as of 26th of September 2024

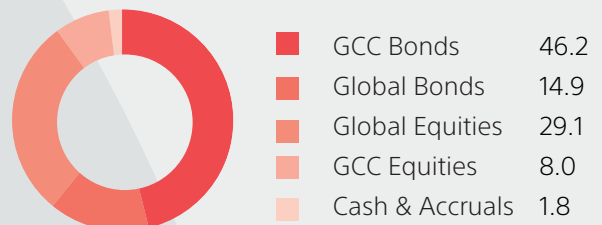
## Fund Highlights

Fund Manager	Bank Muscat Asset Management
Inception Date	26-Sep-2024
Structure	Open Ended Mutual Fund
Custodian	Gulf Custody Company SAOC
Domicile	Oman
Currency	OMR
Risk Profile	High
Minimum Initial Purchase	OMR 50
Minimum Additional Purchase	OMR 50
Annual Management Fee	1.25%
Performance Fee	10% over hurdle rate of 7%
Valuation	Daily
Subscription & Redemption	Daily

## Asset Allocation



## Geographic Allocation



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