



# Bank Muscat Money Market Fund

## Objective

The Fund's objective is to generate steady returns with preservation of capital and provide daily liquidity. The Fund seeks to achieve this by investing in liquid, high quality money market instruments including bank deposits with commercial banks in Oman and the GCC.

## Fund Highlights

- 1) The Fund aims to protect capital, provide daily liquidity & generate attractive yield.
- 2) The Fund is designed as an alternative to traditional current and call accounts with commercial banks.

## Portfolio Report

Bank Muscat Money Market Fund's annualized return stood at 4.86% for the month of December 2024. The fund continues to appeal to investors as a result of its superior performance with added benefit of no entry or exit load. In addition, the Fund also provides daily subscription and redemption for investors. The returns provided by the fund are higher than the typical call rates offered by banks in Oman.

The US Federal Reserve cut the federal funds rate by 25bp at its December meeting, taking the target range to 4.25-4.50%. The FOMC also signalled fewer rate cuts in 2025 as GDP growth remains resilient and core inflation is proving a little sticky.

The European Central Bank delivered a 25bp rate cut at its December meeting and in a dovish move, it removed the reference to policy needing to be "sufficiently restrictive for as long as necessary". The Bank of England's MPC voted by 6-3 to keep Bank Rate on hold at 4.75% at the December meeting. With some inflation risks still in play, it does not want to rush into a faster pace of cuts.

The Bank of Japan (BoJ) kept its policy rate unchanged at 0.25% in the December meeting. The central bank indicated that the economy is growing in the right track with more hikes coming ahead. Analysts now expect the BoJ to raise the policy rate to 0.50% in Q1 2025, followed by hikes in Q3 2025 and Q1 2026 to bring the rate to 1.00%.

Most Gulf states cut key interest rates in tandem with the US Fed rate cuts. The Gulf's oil and gas exporters generally follow the Fed's lead on rate moves, as most regional currencies are pegged to the US dollar. Only the Kuwaiti dinar is pegged to a basket of currencies, including the dollar.

Saudi Arabia, the region's biggest economy, cut repurchase agreement (repo) rate and reverse repo rate by 25 bps each to 5 per cent and 4.5 per cent, respectively. The UAE also reduced its base rate on the overnight deposit facility by a quarter of a percentage point to 4.40 per cent. Oman's central bank also cut its repo rate by 25 basis points to 5%. In Qatar, the central bank cut its three main interest rates by a slightly deeper 30 bps, while Bahrain's central bank stuck with a 25-bps reduction in its overnight deposit rate to 5 per cent. In a separate statement released during the month, the Central Bank of Kuwait said it "has adopted a gradual and balanced approach in adjusting the discount rate", noting it had cut its discount rate by 25 basis points to 4 per cent as of September 19.

Oman issued budget estimates for 2025 with overall government revenues estimated at OMR 11.18 billion, a marginal increase compared to the 2024 budget and expenditure at OMR 11.8 billion, a slight increase from 2024, while the projected deficit for 2025 is OMR 620 million, equivalent to 5.5% of total revenues, compared to a surplus in 2024. The budget continues to rely on oil revenues, constituting more than 50% and gas revenues at about 16%, with oil and gas revenues making up over 70% of the total revenues in the 2025 state budget. The 2025 revenue forecasts are based on an average oil price of \$60 a barrel.

Oman also issued preliminary results for the year 2024, which shows a surplus of OMR 540 million, a turnaround from the previously expected deficit of OMR 640 million. Revenues increased by 15 percent to OMR 12.7 billion, while public spending reached OMR 12 billion.

Central Bank of Oman issued 28-day T-bills on 30th December at a yield of 4.11923 %, the yields on these bills were marginally higher than the bills issued on 25th November at a yield of 4.09071%. Furthermore, yield on 91-day bills issued on 30th December was at 4.37097%, lower than yield of 4.50217% for bills issued on 25th November.

The Bank Muscat Money Market Fund has a strong track record in terms of providing liquidity and attractive returns for short term cash management for investors. The monthly performance for the past 12 months is given below:

## Portfolio Performance

Particular	Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	July 2024	June 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024	Dec 2023
Return*	4.86%	5.08%	5.18%	5.15%	5.28%	5.31%	5.35%	5.32%	5.24%	5.18%	5.20%	5.19%	5.18%
Weighted Average Maturity (Days)	88	74	86	86	74	65	73	87	63	69	65	72	94

\*annualized # WAM reinstated for callable deposits.

## Fund's performance

Fund's name	1 month	3 months	6 months	12 months	YTD
Bank Muscat Money Market Fund	4.86%	5.03%	5.14%	5.19%	5.19%

Annualized

For further information, please contact:

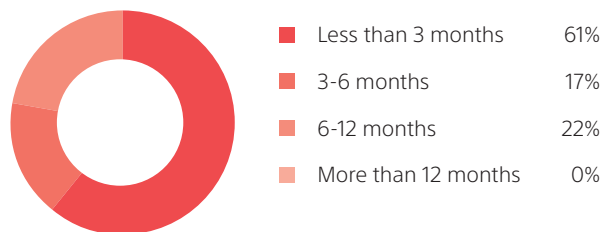
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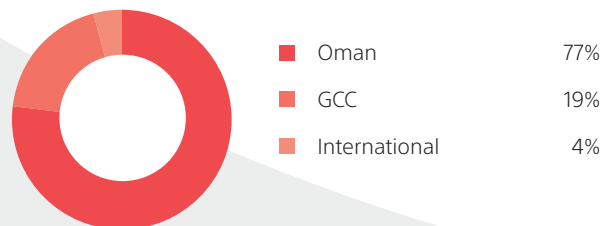
## Fund Information

Fund Manager	Bank Muscat Asset Management
Custodian	Bank Muscat SAOG
Domicile	Oman
Risk Profile	Low

## Deposit Profile



## Geographic allocation



## Currency Profile

