



Muscat Capital Trade Finance Fund



Annual Fund Report

Financial Year: 2017

Investment Fund Information

Investment Objectives and Policies

Muscat Capital Trade Finance Fund

The Fund aims to primarily invest in Sharia-compliant money markets and achieve short-term capital gains while maximizing capital growth by investing in Shariah compliant money markets, other fixed income instruments (Sukuk etc.), as well as low-risk Shariah compliant Money Market derivatives and to achieve returns reflecting the medium-term rates. The fund aims also at achieving investment returns for investors greater than the fund benchmark returns, i.e. SAIBOR rate (one month Saudi Arabia Interbank Offered Rate). Investors may access Bloomberg trading platforms or on any website to review the index information and performance viz. www.bloomberg.com or www.sama.gov.sa.

Distribution of Income and Gain Policy

The Fund will not make any distributions to Unit holders. Instead, capital gains and dividends will be reinvested.

Fund Performance

	2017	2016	2015
Net Assets	222,707,543.03	125,729,244.59	N/A
NAV Per Unit	10.3568	10.1510	N/A
Highest NAV Per Unit	10.3568	10.1510	N/A
Lowest NAV Per Unit	10.1533	10.0000	N/A
No. of Units	21,503,411.3894	12,385,891.6094	N/A
Income Distribution Per Unit	N/A	N/A	N/A
Expense Ratio	0.43	0.01	N/A

Performance Record

Description	Total Return (%)										
	1 Year	3 Years	5 Years	Since Inception							
Total Return (%)	2.03	N/A	N/A	3.568							
Annual Total Return (%)											
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	Since Inception
	2.03	1.151	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.568

Fund Fee & Expenses for the year

Fee/Expense type	Amount
management fee	631,111.78
admin fee	105,185.30
custody fee	105,185.30
audit charges	30,000.00
publication tadawal fee	5,000.00
B.o.D fee	10,000.00
Shariah board fee	28,869.48
regularoy fee	7,500.00
other expenses	35,232.45

Material Changes that Effect Fund Performance

The Weighted Average Maturity (WAM) is maximum 120 days as per the new IFRs which can lower the Fund yield.

Exercise of Annual Voting Rights and Date of AGM

The Fund Manager did not exercise any voting rights.

Fund Board Annual Report

1) Board Meeting Dates:

The Fund had two Fund Board meetings during 2017 on 14 March 2017 and 09 October 2017

2) Major topics discussed during each meeting:

- Update on the Fund
- Update on the IPO participation into the Fund
- Ratification of the financial statements for the year 2016
- Appointment of Auditor for the year 2018
- Ratification and approval of revised Terms & Conditions
- Annual review of KYC and Terms & Conditions
- Ratification and approval of the interim financial statements
- Disclosure of material conflicts and Ratification and approval of investors holding above 5% of the AUM

Fund Manager

Muscat Capital
Ground floor Vision tower (BankMuscat building) P.O Box 64666 Riyadh Saudi Arabia

Sub Fund Manager

Note:
There is no Sub Fund Manager for this Fund

Investment Advisor

The Fund does not have an Investment Advisor

Investment Activities during the period

During 2017 the Fund continued to invest in the highest yielding Murabaha and Shariah compliant money market products. The Asset Allocation of the Fund as on 31 December 2017 was as follows:

Fund Manager write-up on Fund performance

During the year the Fund gave a return of 2.027%, outperforming the benchmark by 0.54%. The outperformance was attributable to higher rates negotiated for placements and higher yield on Fixed Income instruments.

Material Changes during the period

-The Weighted Average Maturity (WAM) is maximum 120 days as per the new IFRs which can lower the Fund yield.

-The new board members are:

- Mr Khalifa Al Hatmi - Chairman
- Mr Khalid Al Anqari - independent member
- Mr Abdullah Al Khonaifer - Independent member
- Mr Fawaz Al malik - non independent member

Other information for Unitholders

All information contained in this report is as per the Investment Fund Regulations (IFR) by the Capital Market Authority (CMA)

During the period, the following breaches were reported in the Fund:

1. On 25th July 2017, the maximum weighted average maturity (WAM) limit of 120 days was breached due to investments in longer term instruments. The breach would be rectified by 31st Jan 2018 once certain Murabaha deals mature.
2. On 10th December 2017, due to a large redemption, the maximum counterparty limit of 25% was breached with a counterparty. The breach was rectified on 18th Dec 2017 once a Murabaha deposit with the counterparty matured.

Any Special commission Received by Fund Manager

There were no special commission received for the year

Custodian

Name And Address

Muscat Capital
King Fahad Street, Al-Rivadh

Duties and Responsibilities

Custodian Duties:

Taking custody and protecting the funds assets on behalf of unitholders, and taking all necessary administrative measures in relation to the custody of the fund's assets.

Custodian opinion on Fund Manager

Muscat Capital confirms that it issued, transferred and redeemed the units in accordance with the provisions of the Investment Funds Regulations and the funds Terms and Conditions. Muscat Capital confirms that it valued and calculated the price of units in accordance with the provisions of the Investment Funds Regulations and the funds Terms and Conditions.

Muscat Capital confirms that the Fund adhered to investment limits and guidelines investment restrictions, limitations and borrowing powers applicable to the Investment fund Regulations

Auditor

Name And Address

PricewaterhouseCoopers
POSTAL CODE: 11482 PO BOX: 8282 Kingdom Tower 21st Floor Riyadh Saudi Arabia

Opinion on Financial Statement

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Muscat Capital Trade Finance Fund (the "Fund") as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

What we have audited

The Fund's financial statements comprise:

- the balance sheet as at December 31, 2017;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Financial Statement

Kindly visit www.muscatcapital.com.sa for the financial statements of the Fund.

This report is available free of charge.

This document is not an offer by Muscat Capital to sell Units in the Fund. Basis of valuation: Listed securities are based on prices obtained from the relevant exchange. All other securities or instrument prices are based on available valuations & prices received from the investment counterparty. Units of the Fund are sold in accordance with the Funds Terms & Conditions which can be found by visiting Muscat Capital's website. Ratio's & calculations mentioned in this report have been calculated based on regulatory guidelines and generally accepted calculation methods.

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