



The First Mazoon Fund JIA

October 2005

101st Month

P O Box 974, Ruwi, Postal Code 112, Oman – Tel: +968 24790614 Fax: +968 24790612

Objectives

The Fund provides investors with the opportunity to invest in a basket of predominantly blue-chip Omani equities in order to achieve substantial capital gains.

Performance

	FMF *	MSM 30 Index
For the month	-2.42%	-1.99%
1 year	47.4%	47.6%
3 year	162.4%	166.1%
5 year	222.9%	138.4%
Since inception+	68.9%	31.8%

* The First Mazoon Fund JIA

Fund Details

Manager	: Gulf Investment Services Co SAOG
Intl. Investment Advisor	: HSBC Financial Services (ME) Ltd.
Custodian	: HSBC Bank Middle East, Oman
Launch Date	: June 10, 1997
Auditors	: KPMG
Current Size	: RO 3.76 million
Units outstanding	: 2,517,987
Type	: Semi Open-ended
Listing	: Muscat Securities Market (MSM)
Subscription/redemption	: Monthly
Dealing date	: Second Thursday of each month
Management fee	: 1.4% per annum
NAV/Unit	: RO 1.496
Market Price	: RO 1.400
Last Dealing price/unit	: Bid: RO 1.344 offer: RO 1.398

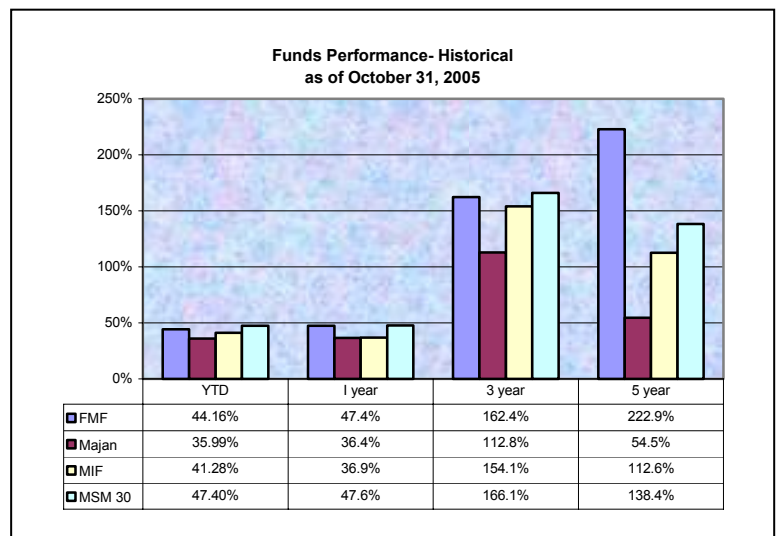
Percentage Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1997									21.0%	3.1%	1.2%	3.8%	31.0%
1998	3.1%	-5.3%	-18.1%	-4.2%	-8.6%	-10.2%	-8.6%	-17.2%	4.4%	-4.2%	-4.9%	-16.1%	-62.1%
1999	16.7%	-10.2%	-8.5%	13.6%	-4.4%	8.8%	16.2%	-1.6%	-2.5%	-4.7%	-3.6%	-5.1%	10.1%
2000	2.3%	-2.6%	4.6%	-1.6%	-2.8%	-5.6%	-1.6%	-3.2%	0.9%	-3.9%	10.1%	-2.4%	-6.7%
2001	-2.9%	2.1%	3.8%	0.0%	-0.7%	0.7%	1.5%	-0.2%	-3.2%	-1.3%	-1.6%	1.8%	-0.2%
2002	5.6%	-0.2%	6.6%	6.0%	5.8%	2.3%	-0.5%	-2.3%	-1.8%	0.5%	2.2%	2.1%	29.1%
2003	-0.7%	-0.3%	4.6%	7.0%	0.6%	3.7%	7.0%	0.8%	-0.1%	-0.1%	1.9%	1.6%	28.9%
2004	5.2%	1.9%	0.0%	7.3%	8.6%	6.7%	0.1%	-1.1%	3.2%	0.7%	-1.4%	2.2%	38.2%
2005	6.7%	1.7%	15.7%	9.6%	2.9%	8.8%	-0.7%	-1.1%	-2.4%	-2.42			44.2%

Market Review and Outlook

The month of October continued to see lackluster trading due to lack of liquidity. The mixed results posted by the corporate also added to the dampness. The market represented by the Benchmark MSM30 declined 2% during the month. The major sectors, Banking & Investment and Industry dropped more than 2%. The volumes in the market were just 37mln shares accounting for a turnover of RO 99 mln. Omantel, the largest stock in the market with the market capital constituting circa 30% was opened to all category of investors on 27th October. The stock has not attracted the interest as it was anticipated due to the recent performance of the company. We will closely watch the stock and accumulate at the appropriate levels.

Among the regional markets except for Oman and Qatar all others performed well. Particularly, Kuwait recorded 12% gain and surprisingly the non mover, Bahrain jumped sharply by 4% during the month. Taking cue from the latest market trend, we will actively look for trading opportunity in local as well as regional portfolio and add/accumulate fundamentally sound stocks at attractive levels to further our returns for the fund.



Oryx / Vision / Al Amal – Ignored for continuity reason and lack of uniformity

TOP 5 Holdings

	%
Oman Cement	11.36
Renaissance Services	8.99
Al Madina Fin & Invest Co	7.86
Ominvest	7.43
Bank Muscat	6.43



الشركة الخليجية لخدمات الإستثمار (ش.م.ع.ع.)
Gulf Investment Services Co. (S.A.O.G.)

Fund Review for the 101st month

The NAV was RO 1.496 at the end of the month and was up 44.16% on YTD basis as against the market's gain of 47.4%. The NAV has dropped 2.42% for the month as against the index's decline of 1.99%. The average NAV during the month was RO 1.517 and average market discount widened to 15.4%. There were no redemptions during the month.

52-week	High	Low
MSM 30.Index*	5699.32	3302.36
Market Price+	RO 1.830	RO 0.842
NAV per Unit+	RO 1.630	RO 1.003

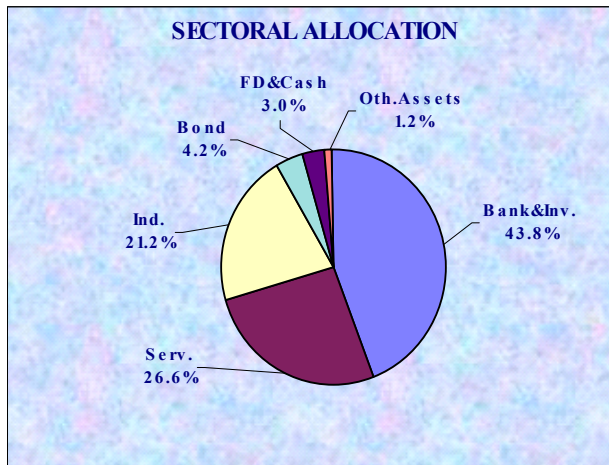
*Rebased to 1000 on June 01, 2004

+ Adjusted for 14% Cash dividend and 14% Stock dividend w.e.f. April 17,2005

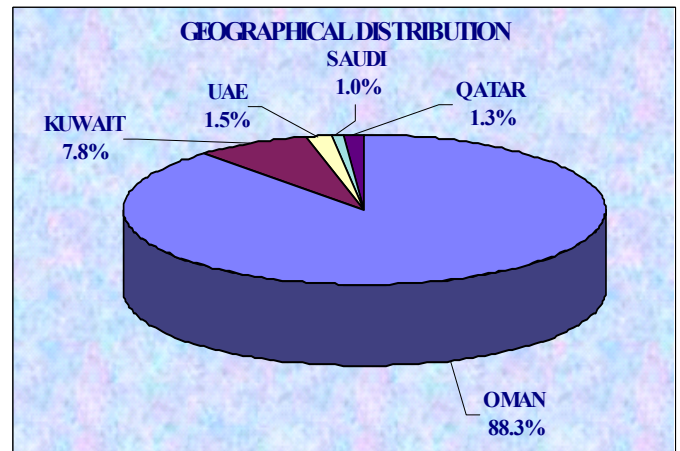
Past Five years

	FMF	MSM
Average Monthly return	2.2%	1.8%
Monthly maximum loss	-3.2%	-7.8%
Month of Maximum loss	Aug-00	Apr-01
Annualized Return	26.4%	19.0%
Annualized Volatility	3.9%	4.7%
% of winning months (against benchmark)	56.7%	na
% of gained months	37%	36%
YTD	44.2%	47.4%
Sharpe (RF 6%)	5.29	2.75

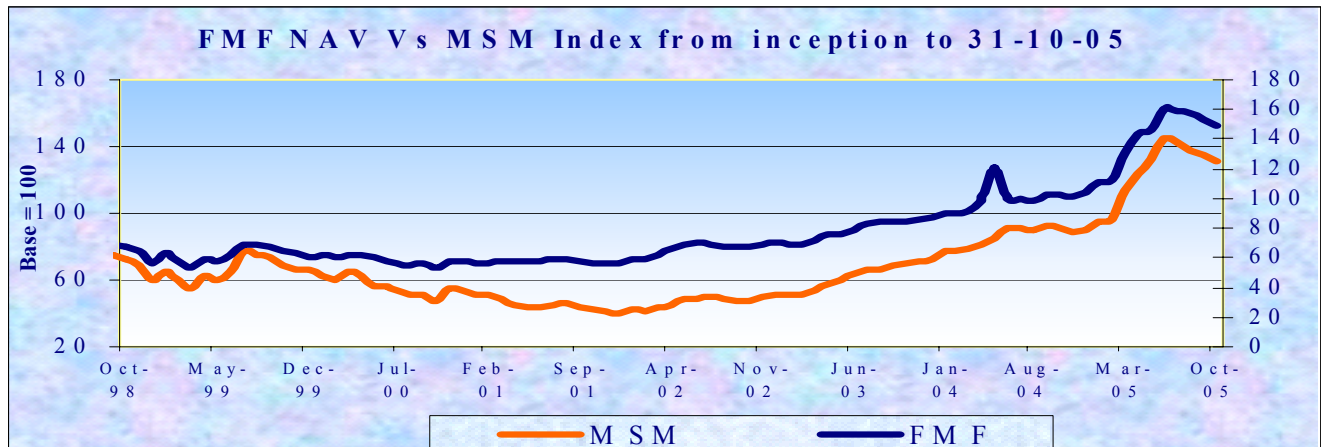
Allocation



Assets



Performance



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Managing Company



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