



# The First Mazoon Fund JIA

December 2004

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## Objective

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	1%	0.1%
1 year	31.5%	23.8%
3 year	100%	121.9%
5 year	89.1%	34.9%
Since inception+	13.8%	-10.6%

\* The First Mazoon FundJIA

## 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
Original Fund Size	: RO 10.33 million
Current Size	: RO 2.96 million
Units outstanding	: 2,263,732
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 1.309
Market Price	: RO 1.170
Last Dealing price/unit	: Bid: RO 1.137 offer: RO 1.182

## Market Review and Outlook

Weak sentiments in the first half of the month saw the MSM 30 decline to 3302, but recovery was witnessed in the second half with the much awaited year end activity that lifted the index to 3375.05. This seesaw movement resulted in a return of 0.14% for the month of December and a net return of 23.8% for the year 2004. The trading activity was lower than the previous month as average turnover per day was just RO 1.87 million compared to RO 1.99 million in November. The industry sector continued its downtrend and reported a decline of 1%. However Banking and Investment sector and Services sector balanced it out through returns of 0.33% and 0.61% respectively. AES Barka Power issue continued to suck liquidity as the old money and fresh money were directed towards the issue which was oversubscribed 17 times. RO 180 million was reported to have been collected for the issue leaving allotment of just 1.4% for bulk investors. We expect the market to see part of the refund money entering in the coming months along with the fresh allocation from regional players.

## Fund Review

Sentiments reversed in December as the NAV jumped 1% as against the benchmark MSM 30 Index's marginal return of 0.14%. The portfolio gained excellent support from its GCC (Excl-Oman) constituents that lifted the return. The NAV was RO 1.309 at the end of month – an appreciation of 31.5% YTD. The average NAV during the month was RO 1.293. The market price at the end of the month was RO 1.170. A total of 51,841 units were traded in the market at an average discount of 14.5% to the NAV. The total number of units redeemed during the month was 7,954 at a dealing price of RO 1.137. With other GCC markets reporting returns in excess of Oman and more new opportunities opening up, we intend to increase our allocation to the region as and when we feel the timing to be appropriate.

## TOP 5 Holdings

	%
Bank Muscat	9.17
Oman Cement	9.15
Al Madina Fin & Invest Co	8.18
Oman International Bank	7.45
Ominvest	6.60

52-week	High	Low
MSM 30.Index*	3580.73	2741.38
Market Price +	RO 1.200	RO 0.730
NAV per Unit	RO 1.327	RO 0.868

\*Rebased to 1000 on June 01, 2004

+ Adjusted for 15% Capital reduction w.e.f. May 1,2004

Contact information:

Bharath Rajnarayan – Fund Manager

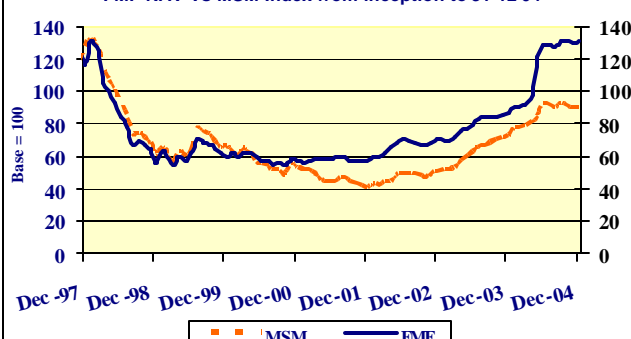
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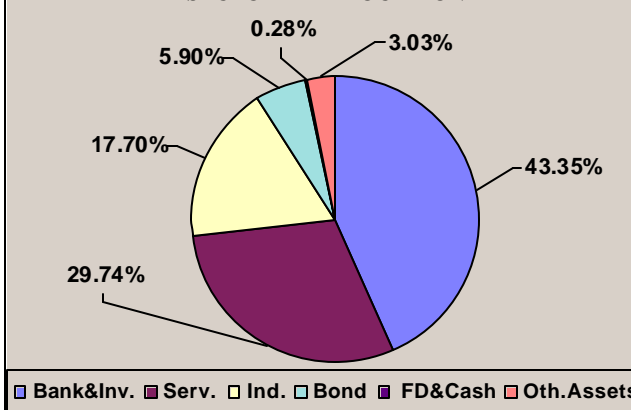
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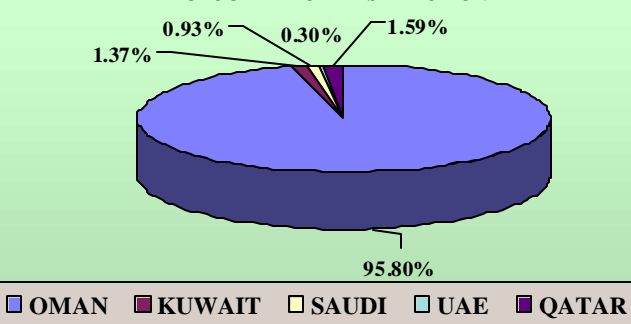
FMF NAV Vs MSM Index from inception to 31-12-04



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