



The First Mazoon Fund JIA

February 2005

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

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	1.5%	1.7%
1 year	34.6%	24.8%
3 year	108.8%	130.7%
5 year	106.4%	61.1%
Since inception+	23.8%	-3.7%

* 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
Original Fund Size	: RO 10.33 million
Current Size	: RO 3.15 million
Units outstanding	: 2,210,977
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 1.424
Market Price	: RO 1.200
Last Dealing price/unit	: Bid: RO 1.229 offer: RO 1.278

Market Review and Outlook

With oil prices remaining at a record high and the system flush with liquidity, the market remained buoyant during the month. The benchmark MSM 30 Index moved up another 2.56 per cent to close the month at 3634.62. The industry sector index which was relatively slow paced in the month of January, 2005 paced ahead to cross above the 3000 mark to close the month at 3036.35 a new six year high. The service sector index moved in line with the MSM closing 2.47 per cent higher at 1,681. The banking sector index, the star performer in January, decelerated its pace to notch up a gain of only 1.87 per cent for the month. With Oman being relatively cheaper than other GCC markets, we continue to see substantial interest from investors across the region. We expect the market to remain upbeat due to the strong underlying fundamentals. However, we also expect marginal dips in the market owing to the forthcoming IPOs that typically soak up liquidity from the market. We plan to foray into regional IPOs and continue to look for undervalued stocks.

Fund Review

Compared to January, February was a rather subdued month. The Fund underperformed the MSM 30 Index with the NAV moving 1.5% against the index's return of 1.7%. The GCC component (Ex-Oman) fared better when compared to the overall portfolio and was up 1.0%. The NAV at the end of the month was RO 1.424 – an appreciation of 8.7% YTD. The average NAV during the month was RO 1.400 and average discount widened to 14.9%. The total number of units redeemed during the month was 1700, at a dealing price of RO 1.229. The Fund will continue to increase exposure to other GCC markets and is looking forward to an uptick in the regional markets with the onset of the dividend announcement season.

TOP 5 Holdings

	%
Oman Cement	9.45
Bank Muscat	9.44
Al Madina Fin & Invest Co	7.70
Oman International Bank	7.41
Ominvest	6.70

52-week	High	Low
MSM 30.Index*	3634.62	2928.29
Market Price +	RO 1.240	RO 0.740
NAV per Unit	RO 1.424	RO 0.909

*Rebased to 1000 on June 01, 2004

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

Contact information:

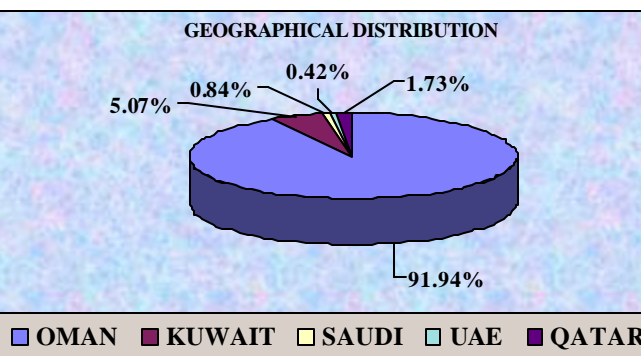
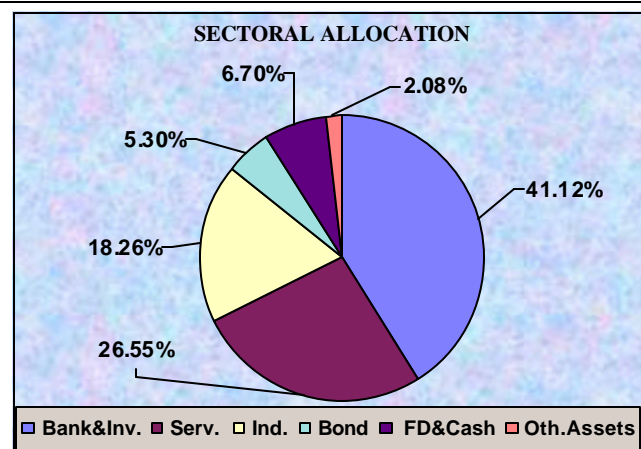
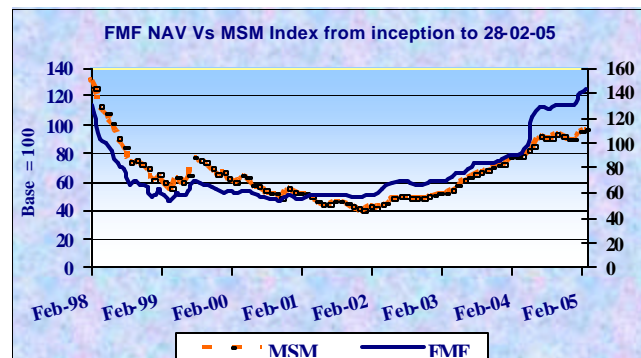
Bharath Rajnarayan – Fund Manager

Email: bharath@gisoman.net Tel: +968 24790 614 Ext – 119

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