



The First Mazoon Fund

Fact Sheet – June 2004

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| Objective | | | Fund Details |
|---|-------|---------------|--|
| 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. | | | Manager : Gulf Investment Services Co SAOG Intl. Investment Advisor : HSBC Financial Services ME Ltd, Dubai Custodian : HSBC Bank Middle East, Oman Launch Date : June 10, 1997 Original Fund Size : RO 10.33 million Current Size : RO 3.12 million Units outstanding : 2,439,475 Type : Semi Open-ended Listing : Muscat Securities Market (MSM) Subscription/redemption : Monthly Dealing date : First Thursday of each month Management fee : 1.4% NAV/Unit : RO 1.281 Market Price : RO 1.050 Last Dealing price/unit : Bid: RO 1.061 offer: RO 1.104 |
| Performance | FMF | MSM Gen Index | |
| For the month : | 5.96% | 7.76% | |
| YTD : | 28.6% | 26.8% | |
| Previous year : | 23.9% | 42.1% | |
| Since inception+: | 11.0% | -8.0% | |

Market Review and Outlook

High oil prices to gether with key fundamental stocks being cheaper, as compared to their regional peers, continued to prop the market to new heights. The rebased MSM General Index ended the month at 3458 – an appreciation of 7.76% for the month. The heavyweight Banks & Investment Sector contributed the bulk with an increase of 9.41% followed by the Industry Sector that registered a 7.04% gain. The Services Sector lagged behind with an appreciation of just 1.48%. With the market headed towards the traditional holiday season, we feel the market is bound to pause and let off some steam until the momentum gathers towards the middle of July – the beginning of the 1H earnings reporting period. Despite the market remaining undervalued in comparison to other GCC markets; we reckon valuations are appearing to look stretched. In line with our investment policy, we will continue to review the holdings critically and lock in gains as and when appropriate.

Fund Review

The Fund's NAV appreciated 5.96% to RO 1.281 at the end of the month. Whilst the fund underperformed the market during the month, for YTD the fund was up 28.6% against the MSM General Index's appreciation of 26.8%. During the month, the Fund's units closed at RO 1.050 and the low price was RO 0.980. The average NAV was RO 1.020. A total of 9,559 units were traded in the market at an average discount of 19.2% to the NAV. The total number of units redeemed during the month was 12,103.

TOP5 Holdings

| | |
|---------------------|------|
| Renaissance Service | 9.3% |
| Bank Muscat | 9.2% |
| Ominvest | 8.9% |
| DIDIC | 8.4% |
| OIB | 8.3% |

| 52-week | High | Low |
|----------------|----------|----------|
| MSM Gen.Index* | 3487.36 | 2389.10 |
| Market Price+ | RO 1.050 | RO 0.748 |
| NAV per Unit | RO 1.287 | RO 0.906 |

*Rebased to 1000 on June 01, 2004

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

Contact information:

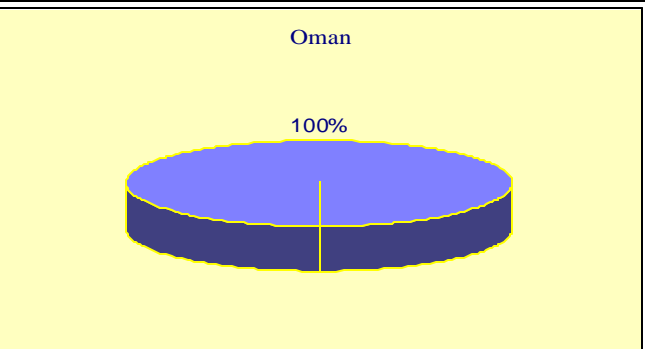
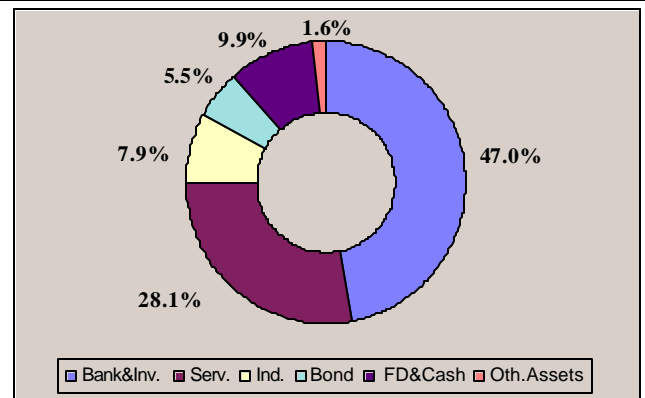
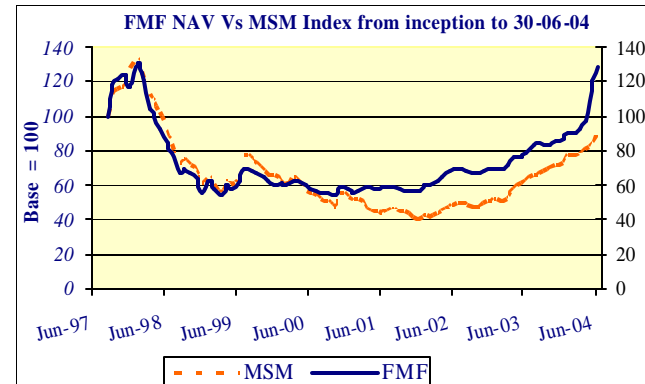
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Managing Company:

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 Gulf Investment Services Co. (S.A.O.G.)