



The First Mazoon Fund JIA

March 2005

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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	14.1%	17.6%
1 year	53.6%	44.5%
3 year	126.4%	158.0%
5 year	127.2%	75.0%
Since inception+	41.3%	13.3%

* 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 3.59 million
Units outstanding	: 2,209,468
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 1.625
Market Price	: RO 1.880
Last Dealing price/unit	: Bid: RO 1.320 offer: RO 1.373

Market Review and Outlook

Excellent dividend announcements, strong underlying economic fundamentals, and a market cheaper than the regional peers formed the key drivers for the MSM's March bull run. GCC interest propelled the market in the upward direction with the pivotal MSM 30 jumping up 17 per cent or 629 points to close at a new 52 week high of 4275.43. Cement stocks like previous fiscal year continued to be key drivers with the industry sector index posting a gain of 21 per cent. Banking and investment sector also gained a whopping 19 percent. The service sector index moved 8 per cent with the news of Renaissance and Topaz merging to form a large service sector conglomerate. The recent bull run placed the MSM as the third best performing market in the region YTD. Volumes for the current month were also exceptional 49 mn shares worth RO 148 mn being traded for the month. The upcoming IPOs will drive secondary market volumes lower and stocks trading at ex-dividend prices will impact the index – resulting in a negative impact on the market in the coming month. We will continue with our strategy of diversification and seek value stocks in Oman and other GCC markets.

Fund Review

The Investors' Committee at its meeting held on March 09 proposed a cash dividend of 14% and a stock dividend of 14% for FY 2004. Investors responded positively and the fund's units moved from RO 1.220 to an all time high of RO 2.000. The Fund lagged the market during the month and was up 14.1%. The NAV was RO 1.625 at the end of the month and was up 22.8% on YTD basis as against the market's gain of 26.7%. The GCC portfolio made impressive gains of over 10% for the month. Profits were skimmed in most markets and the Fund continues to be overweight in Kuwait. The average NAV during the month was RO 1.537 and average premium widened to 7%. The total number of units redeemed during the month was 1509, at a dealing price of RO 1.320.

TOP 5 Holdings

TOP 5 Holdings	%
Bank Muscat	10.30
Oman Cement	9.89
Ominvest	7.60
Al Madina Fin & Invest Co	7.57
Renaissance Services	6.24

52-week	High	Low
MSM 30.Index*	4390.91	2952.03
Market Price +	RO 2.000	RO 0.740
NAV per Unit	RO 1.642	RO 0.913

*Rebased to 1000 on June 01, 2004

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

Contact information:

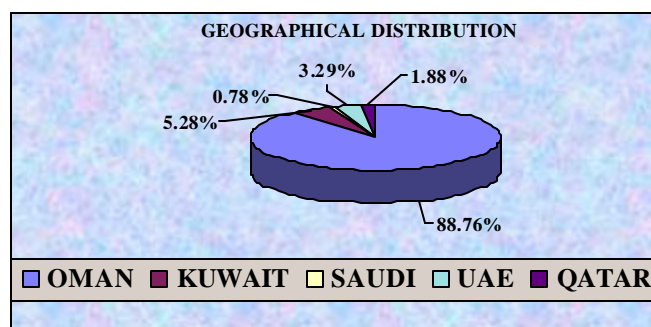
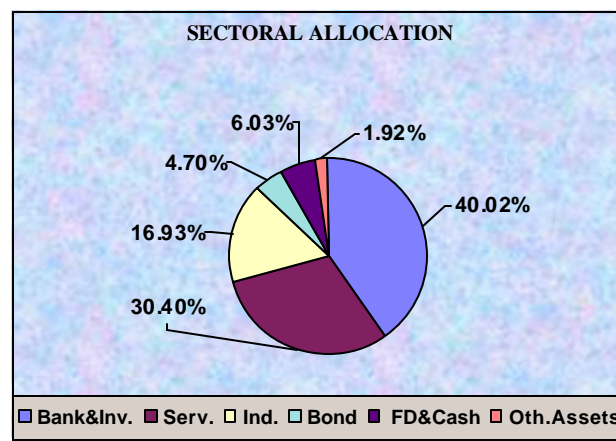
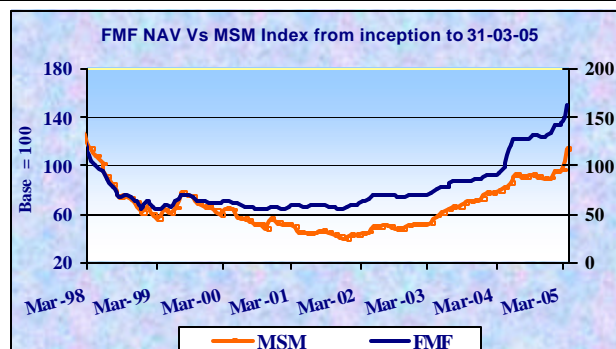
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Gulf Investment Services Co. (S.A.O.G.)