



The First Mazoon Fund JIA

October 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	0.6%	-1.4%
YTD	31.9%	26.3%
Previous year	23.9%	42.1%
Since inception+	14.3%	-8.7%

* 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 2.99 million
Units outstanding	: 2,282,546
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 1.314
Market Price	: RO 1.100
Last Dealing price/unit	: Bid: RO 1.142 offer: RO 1.188

Market Review and Outlook

Despite oil prices reaching record levels, the Muscat Securities Market (MSM) showed a downbeat movement with the pivotal index MSM 30 closing the month down 1.4%. Profit taking in the banking and investment sector dragged down the sector index nearly 3%. However, the industry sector index showed a reverse trend and moved up smartly in anticipation of outstanding 9 month results. The service sector index followed with a gain 2%. Volumes at MSM were relatively subdued for the month with the start of Ramadan and investors preferring to take informed investment decisions after analyzing 3rd Qtr results. The coming month is likely to see increased activity owing to new funds that are expected to come to the market. The stocks that provide good dividend yield are the ones that are likely to be chased by the investors.

Fund Review

The fund continued to move upward and the NAV gained 0.6% for the month against the MSM 30 Index negative growth 1.4% for the month. The GCC investment portfolio of the Fund continued to perform better. The closing NAV at the end of October 2004 was RO 1.314, an appreciation of 31.9% thus outperform the MSM 30 bench mark for YTD, by 21%. At the end of the month, the Fund's units traded at RO 1.100 and the low price was RO 1.040. The average NAV for the month was RO 1.303. During the month, a total of 19,551 units were traded in the market at an average discount of 17.1% to the NAV. A total of 31,984 units were redeemed during the month. We have diversified our investment profile to other GCC markets and we will continue to watch out for opportunities in blue chip companies in the region.

TOP 5 Holdings

	%
Bank Muscat	9.0
Oman Cement	9.0
Oman International Bank	7.4
Al Madina Fin & Invest Co	7.1
Ominvest	6.9

52-week	High	Low
MSM 30.Index*	3580.73	2639.32
Market Price +	RO 1.110	RO 0.710
NAV per Unit	RO 1.327	RO 0.837

*Rebased to 1000 on June 01, 2004

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

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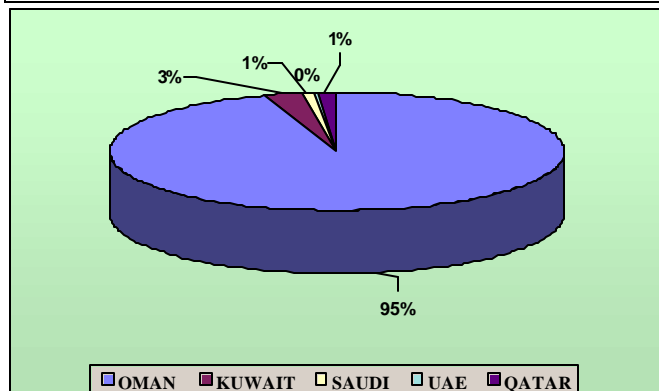
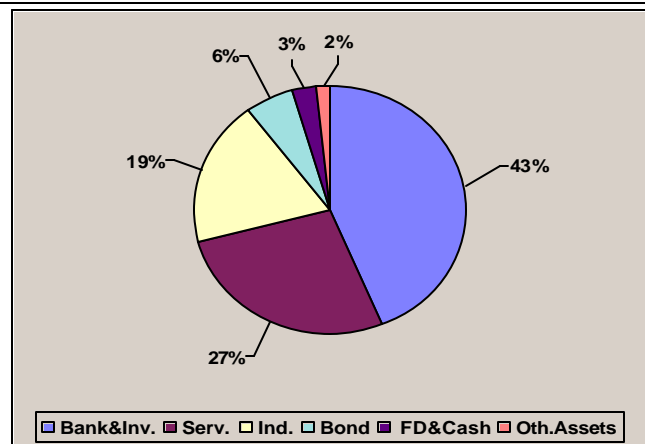
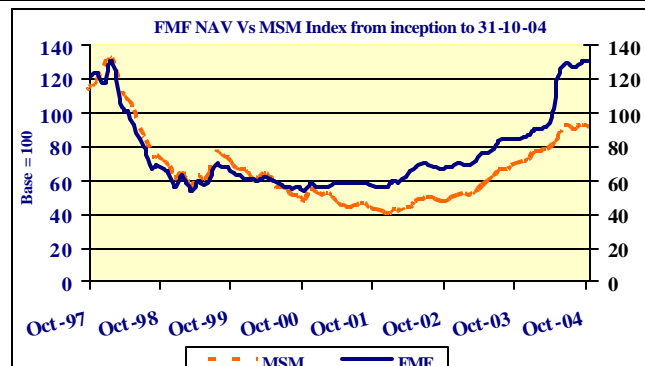
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Managing Company:

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