



The First Mazoon Fund JIA

August 2006

111th Month

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The First Mazoon Fund

Objectives

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	7.64%	7.66%
YTD	5.09%	4.40%
1 year	-1.77%	-1.99%
3 year	130.62%	102.98%
5 year	289.11%	191.64%
Since inception+	83.85%	34.86%

* The First Mazoon Fund JIA

Fund Details

Manager	: Gulf Investment Services Co SAOG
Custodian	: HSBC Bank Middle East, Oman
Launch Date	: June 10, 1997
Auditors	: Moore Stephens
Current Size	: RO 3.05 million
Units outstanding	: 2,644,123
Type	: Open-ended
Listing	: Muscat Securities Market (MSM)
Subscription/redemption	: Monthly
Valuation date	: Second Thursday of each month
Management fee	: 1.4% per annum
NAV/Unit	: RO 1.156
Market Price	: RO 0.961
Last Dealing price/unit	: Bid: RO 0.978 Offer: RO 1.017

Percentage Monthly Returns

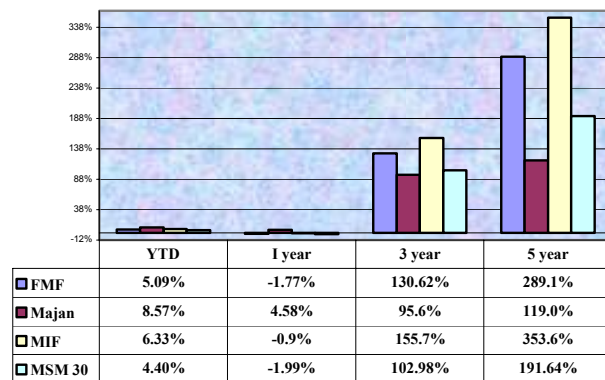
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997									21.0%	3.1%	1.2%	3.8%
1998	3.1%	-5.3%	-18.1%	-4.2%	-8.6%	-10.2%	-8.6%	-17.2%	4.4%	-4.2%	-4.9%	-16.1%
1999	16.7%	-10.2%	-8.5%	13.6%	-4.4%	8.8%	16.2%	-1.6%	-2.5%	-4.7%	-3.6%	-5.1%
2000	2.3%	-2.6%	4.6%	-1.6%	-2.8%	-5.6%	-1.6%	-3.2%	0.9%	-3.9%	10.1%	-2.4%
2001	-2.9%	2.1%	3.8%	0.0%	-0.7%	0.7%	1.5%	-0.2%	-3.2%	-1.3%	-1.6%	1.8%
2002	5.6%	-0.2%	6.6%	6.0%	5.8%	2.3%	-0.5%	-2.3%	-1.8%	0.5%	2.2%	2.1%
2003	-0.7%	-0.3%	4.6%	7.0%	0.6%	3.7%	7.0%	0.8%	-0.1%	-0.1%	1.9%	1.6%
2004	5.2%	1.9%	0.0%	7.3%	8.6%	6.7%	0.1%	-1.1%	3.2%	0.7%	-1.4%	2.2%
2005	6.7%	1.7%	15.7%	9.6%	2.9%	8.8%	-0.7%	-1.1%	-2.4%	-2.42	-2.78	1.87%
2006	10.3%	-5.7%	3.76%	-2.12	-6.34%	0.27%	-2.27%	7.64%				

Market Review and Outlook

Markets revived during the month of August 2006 with active interest from local and regional investors resulting in the sharp jump of 7.7% in the benchmark MSM 30 Index. Market witnessed a bullish trend during the second half with buying across all sectors. This was visible from 36.82% improvement in market volumes to 70.42 million and 23.67% increase in market wide turnover of RO 47.013 million compared to the previous month. The out performer among three sectoral indices was Industry index that gained 14.72%. This was followed by Banking & Investment Index which after strong recovery in Bank Muscat gained 9.32%. The fresh interest in Omantel and Oil marketing companies saw active interest leading the Services & insurance Index to close up by 7.06% during the month.

The recovery was seen coming due to positive sentiments in regional markets after a deal on cease fire was struck between Lebanon & Israel. During the month regional markets except Qatar has ended on a positive note driven by core earnings growth which reinforces positive outlook for corporate segment during the year. Also Oman has attracted external fund flow due to healthy corporate governance practices, transparency and most important energetic economic growth. The corporate sentiments in Banking, Cement, Oil Marketing, Leasing, Telecom and select industry stocks continues to be positive during the year. We will continue to actively manage our portfolios owing to the market volatility and look for trading opportunities in local as well as regional markets.

Funds Performance- Historical
as of August 31, 2006



*Oryx / Vision / Al Amal · Ignored for continuity reason and lack of uniformity

TOP 5 Holdings

	%
Oman Cement	10.03
Bank Muscat	8.65
Renaissance Services	8.35
Ominvest	7.85
Oman International Bank	6.48

Fund Review for the 111th Month

The NAV was RO 1.156 at the end of the month and was up 5.09% on YTD basis as against the market's gain of 4.40%. During the month the NAV has gone up 7.64% as against the index's gain of 7.66%. The average NAV during the month was RO 1.103 and the fund quoted at an average discount of 19% in the Market. A total of 109,717 Units were redeemed during this month. We will continue to seek stocks with momentum and attractive valuations in Oman and GCC markets.

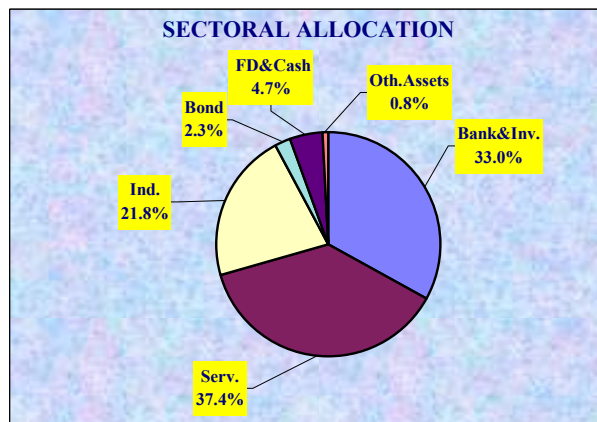
52-week	High	Low
MSM 30.Index	5522.20	4657.16
Market Price+	RO 1.280	RO 0.825
NAV per Unit+	RO 1.234	RO 1.047

+ Adjusted for 35% and 28% dividend for 2005 and 2004 respectively.

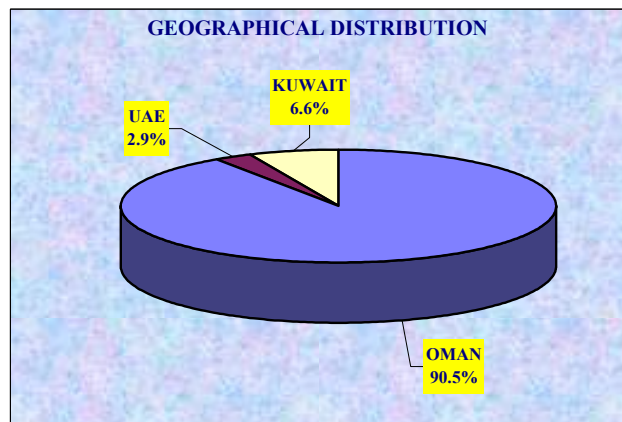
Past Five years

	FMF	MSM
Average Monthly return	2.4%	1.9%
Monthly maximum loss	-6.3%	-4.2%
Month of Maximum loss	May-06	Apr-06
Annualized Return	31.2%	23.9%
Annualized Volatility	4.7%	4.4%
% of winning months (against benchmark)	58.3%	na
% of gained months	37%	37%
YTD	5.1%	4.4%
Sharpe (RF 6%)	5.41	4.03

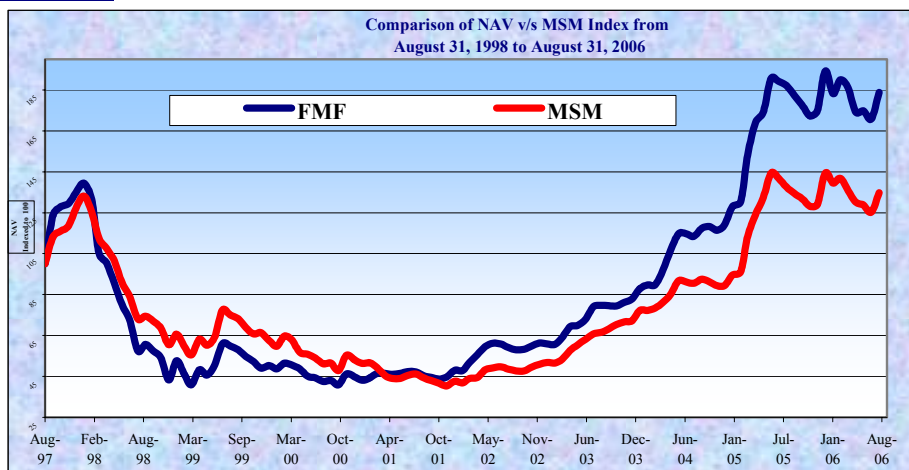
Allocation



Assets



Performance



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Managing Company



الشركة الخليجية لخدمات الإستثمار (ش.م.ع.ع.)

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