



The First Mazoon Fund

# The First Mazoon Fund JIA

## December 2006

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

115 Month

### Objective s

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	2.00%	2.10%
YTD	11.55%	14.49%
1 year	11.55%	14.49%
3 year	135.68%	104.70%
5 year	336.74%	267.00%
Since inception+	95.14%	47.90%

\* The First Mazoon Fund JIA

### Dividend Paid

Financial Year ended	Cash	Stock
2004	14%	14%
2005	10%	25%

### Fund Details

<b>Manager</b>	: Gulf Investment Services Co SAOG
<b>Custodian</b>	: HSBC Bank Middle East, Oman
<b>Launch Date</b>	: June 10, 1997
<b>Auditors</b>	: Moore Stephens
<b>Current Size</b>	: RO 2.85 million
<b>Units outstanding</b>	: 2,321,598
<b>Type</b>	: Open-ended
<b>Listing</b>	: Muscat Securities Market (MSM)
<b>Subscription/redemption</b>	: Monthly
<b>Valuation date</b>	: Second Thursday of each month
<b>Management fee</b>	: 1.4% per annum
<b>NAV/Unit</b>	: RO 1.227
<b>Market Price</b>	: RO 1.116
<b>Last Dealing price/unit</b>	: Bid: RO 1.075 Offer: RO 1.120

### 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%	6.40%	4.05%	-6.02%	2.0%

### Market Review and Outlook

The last month of 2006 saw buying interests in frontline counters taking the benchmark MSM 30 Index up by 2.1%. Buying interests were seen in Banking stocks and Industry stocks like Oman Cables and Raysut Cement etc. Industry index continued to outperform among the sectoral indices with monthly gain of 5.8%. While Banking & investment Index gained by another 2.8%, Services & Insurance Index ended with a loss of 1.5%. Corrections in stocks like Omantel, AES Barka, Dhofar Power, Oman Oil Marketing and Majan College took the sectoral index lower.

The year to date return on MSM 30 Index has gone up to 14.49%, which makes it the best performer among GCC indices. The only other market which could end in the green was Bahrain's Index which ended up by 0.99%. All other GCC indices ended in the red; year to date Saudi's TASI has lost 52.5%, UAE's DFMG index has lost 44.2%, and the third major loser was Qatar's DSM 20 Index which ended with a loss of 35.5% for the same period. Kuwait which managed to show a sideways movement during the year has seen negative sentiments after stringent actions were taken on corporate governance issues and other political developments. The index closed down by 12.0% for the year 2006.

Moving forward dividend and full year earnings announcements will keep the markets active. We expect healthy earnings in Banking, Cement, Oil Marketing and selective industry stocks like Oman Cables, Al Hassan Engineering.

Funds Performance- Historical  
as of December 31, 2006



### TOP 5 Holdings

TOP 5 Holdings	%
Oman Cement	10.0
Renaissance Services	9.86
Ominvest	8.30
Bank Muscat	8.06
Shell Oman Marketing	7.23

## Fund Review for the 115<sup>th</sup> Month

The NAV was RO 1.227 at the end of the December month and was up 11.55% on YTD basis as against the market's gain of 14.49%. During the month the NAV has gone up 2% as against the index's gain of 2.1%. The average NAV during the month was RO 1.210 and the fund quoted at an average discount of 12% in the Market. A total of 100,000 Units were redeemed during this month. We will continue to actively manage our portfolios owing to market volatility and look for trading opportunities in local, GCC and all regional markets.

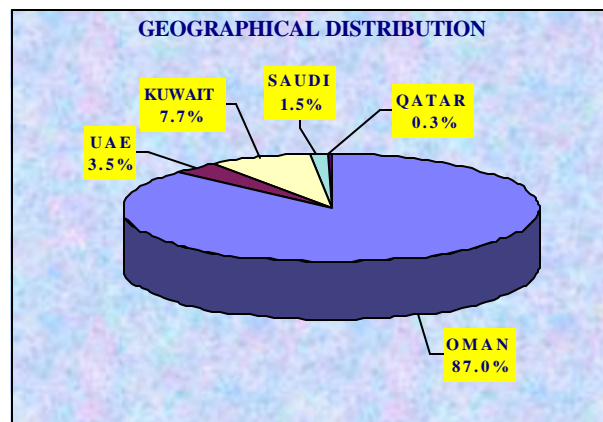
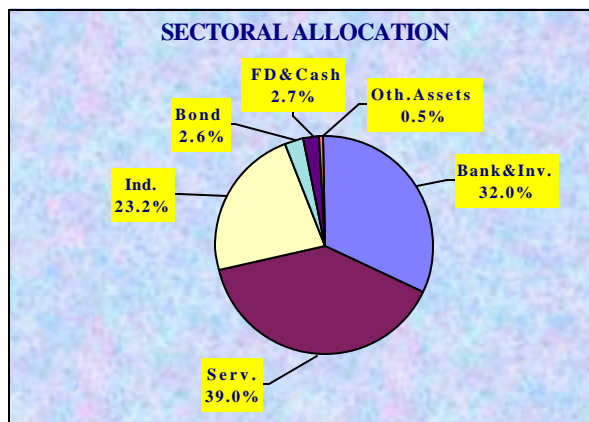
52-week	High	Low
MSM 30.Index	5799.77	4657.16
Market Price+	RO 1.280	RO 0.825
NAV per Unit+	RO 1.292	RO 1.047

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

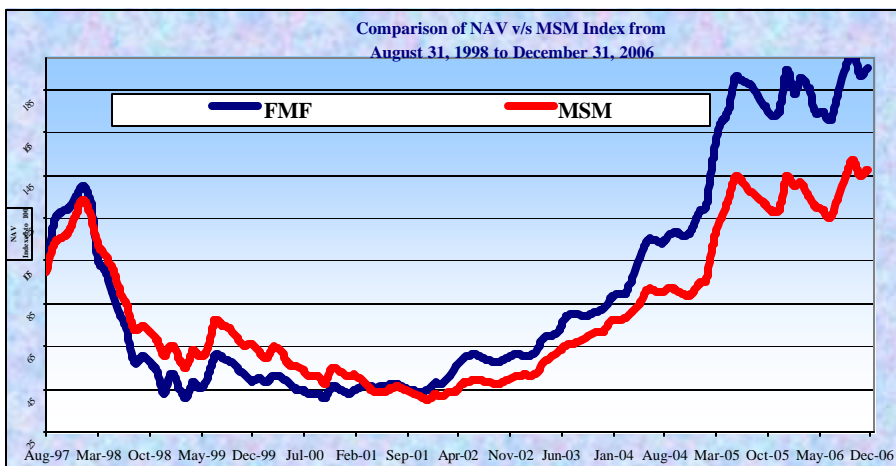
### Past Five years

	FMF	MSM
Average Monthly return	2.6%	2.3%
Monthly maximum loss	-6.3%	-4.9%
Month of Maximum loss	May-06	Nov-06
Annualized Return	34.3%	29.7%
Annualized Volatility	4.7%	4.4%
% of winning months (against benchmark)	51.7%	na
% of gained months	39%	39%
YTD	11.5%	14.5%
Sharpe (RF 6%)	6.01	5.38

### Asset Allocations:



### Performance



### Asset Management Team:

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### Investment Manager



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