



The First Mazoon Fund JIA

February 2006

105th Month

P O Box 974, Ruwi, Postal Code 112, Oman – Tel: +968 24790614 Fax: +968 24790612

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	-5.7%	-3.3%
1 year	40.3%	44.9%
3 year	202.3%	171.3%
5 year	313.6%	170.2%
Since inception+	83.2%	39.5%

* The First Mazoon Fund JIA

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
Auditors	: KPMG
Current Size	: RO 3.63 million
Units outstanding	: 3,150,825
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 1.152
Market Price	: RO 1.200
Last Dealing price/unit	: Bid: RO 1.392 offer: RO 1.434

Percentage Monthly Returns

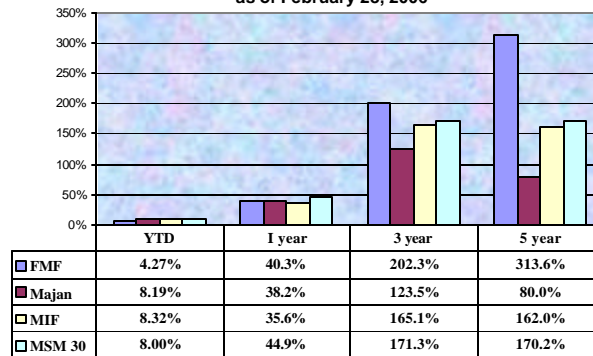
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1997									21.0%	3.1%	1.2%	3.8%	31.0%
1998	3.1%	-5.3%	-18.1%	-4.2%	-8.6%	-10.2%	-8.6%	-17.2%	4.4%	-4.2%	-4.9%	-16.1%	-62.1%
1999	16.7%	-10.2%	-8.5%	13.6%	-4.4%	8.8%	16.2%	-1.6%	-2.5%	-4.7%	-3.6%	-5.1%	10.1%
2000	2.3%	-2.6%	4.6%	-1.6%	-2.8%	-5.6%	-1.6%	-3.2%	0.9%	-3.9%	10.1%	-2.4%	-6.7%
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%	-0.2%
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%	29.1%
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%	28.9%
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%	38.2%
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%	42.74%
2006	10.3%	-5.7%											4.3%

Market Review and Outlook

After a record month of January, the market reacted in February with profit taking figuring across the board. The volatility in the regional markets continued to prevail with all except Saudi posting loss for the month of February'06. The month also witnessed results from the majors across the markets. The results were mixed as the banking sector reported growth as expected, but the services and investment sector growth slowed down in the fourth quarter. This clearly showed the earning being stretched in certain markets.

In Muscat Securities Market, the benchmark index MSM30 that was one of the losers closed 3.3% lower from January'06 close. While the banking and services sector declined by about 2%, the industry sector had a major dent of 8.8%. This was primarily related to the dynamics in the cement sector that has affected the erstwhile cement major. The coming month could see the market react to the dividend adjustment and the expectation of the first quarter results which is expected to be only nominal in relative sense. We would continue to actively manage our portfolios owing to the market volatility and look for trading opportunities in local as well as regional portfolio to further our returns for the fund.

Funds Performance- Historical as of February 28, 2006



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

TOP 5 Holdings

	%
Al Madina Fin & Invest Co.,	11.22
Oman Cement	9.30
Renaissance Services	9.25
Ominvest	8.17
Bank Muscat	7.38

Fund Review for the 105th Month

The NAV was RO 1.152 at the end of the month and was up 4.3% on YTD basis as against the market's gain of 8%. The average NAV during the month was RO 1.181 (Adjusted) and the fund quoted at a premium in the market at a rate of 4.3%. There were no redemptions or subscription during Mar'06. It may be recalled the fund declared a dividend of 35% (10% cash and 25% stock). While the additional units were listed on 13th March, the cash portion is being distributed.

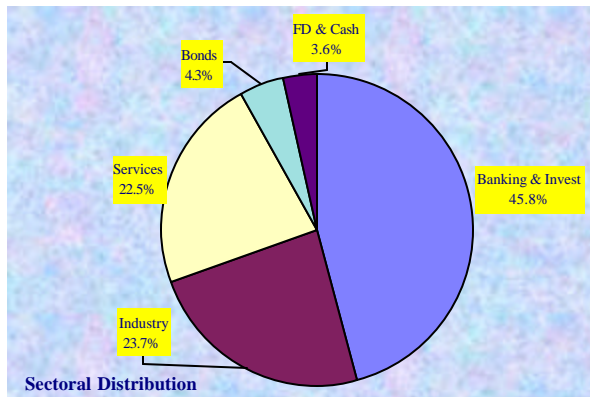
52-week	High	Low
MSM 30.Index	5699.32	3634.62
Market Price+	RO 1.380	RO 0.660
NAV per Unit+	RO 1.230	RO 0.820

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

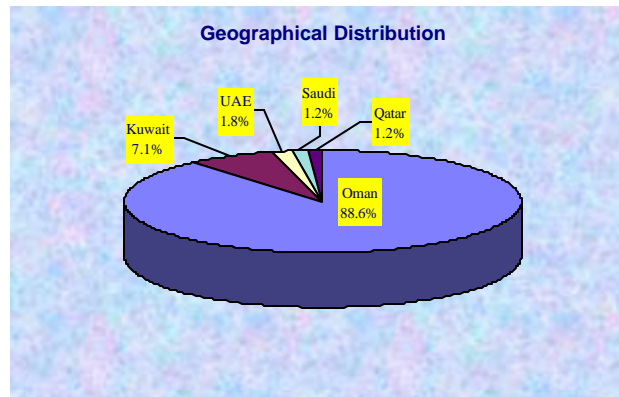
Past Five years

	FMF	MSM
Average Monthly return	2.4%	1.7%
Monthly maximum loss	-5.7%	-7.8%
Month of Maximum loss	Feb-06	Apr-01
Annualized Return	32.8%	22.0%
Annualized Volatility	4.4%	4.5%
% of winning months (against benchmark)	60.0%	na
% of gained months	38%	37%
YTD	4.3%	8.0%
Sharpe (RF 6%)	6.08	3.56

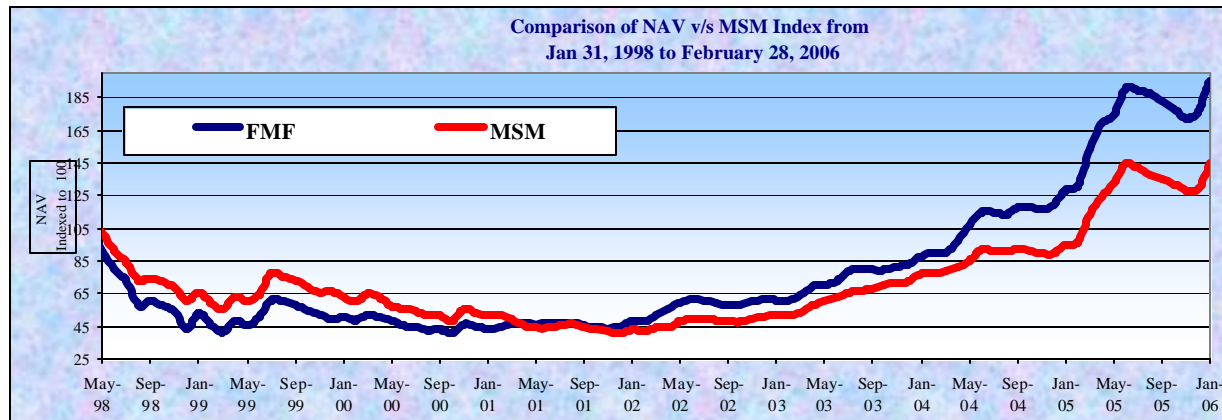
Allocation



Assets



Performance



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Managing Company



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