



The First Mazoon Fund

The First Mazoon Fund JIA

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February 2007
117th Month

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	-0.32%	0.05%
YTD	3.11%	3.43%
1 year	9.29%	9.65%
3 year	123.14%	98.19%
5 year	319.23%	266.39%
Since inception+	100.23%	52.98%

* The First Mazoon Fund JIA

Dividend Paid

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

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 2.91 million
Units outstanding	: 2,311,155
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 1.259
Market Price	: RO 1.071
Last Dealing price/unit	: Bid: RO 1.120 Offer: RO 1.176

Percentage Monthly Returns

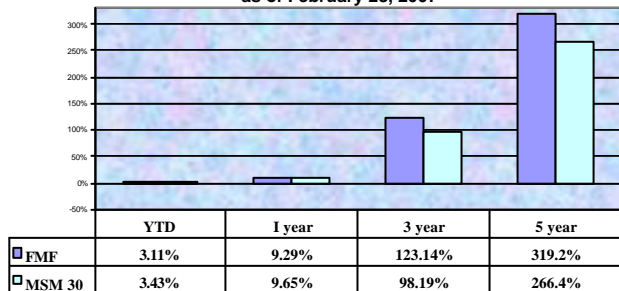
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997									21.0%	3.1%	1.2%	3.8%
1998	3.1%	-5.3%	-18.1%	-4.2%	-8.6%	-10.2%	-8.6%	-17.2%	4.4%	-4.2%	-4.9%	-16.1%
1999	16.7%	-10.2%	-8.5%	13.6%	-4.4%	8.8%	16.2%	-1.6%	-2.5%	-4.7%	-3.6%	-5.1%
2000	2.3%	-2.6%	4.6%	-1.6%	-2.8%	-5.6%	-1.6%	-3.2%	0.9%	-3.9%	10.1%	-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%
2007	2.93%	-0.32%										

Market Review and Outlook

After touching its life time high of 5956.46 during the first month 2007, the benchmark MSM 30 Index has seen consolidation during February 2007. The Index closed almost flat at 5773.15. Although undercurrent was positive, the concentration of activity towards the new entrant Bank Sohar drove the liquidity away from the rest of the market. Upbeat in the economy, in the form of healthy fiscal scenario, robust private sector investments in building capacity and higher consumer spending have contributed to positive performance of corporate sector during the year. Both personal and industrial consumption has shown secular growth which was instrumental in driving the topline growth. Aggregate revenues for 100 listed companies witnessed a jump of 22.3% during the year 2006. The market meltdown in the region during 2006 though had an impact in the books of investment holding companies and brokerage sector companies, the core earnings more than compensated the fall. Aggregate annual net profits for leading 100 companies on Muscat securities market have registered a commendable growth of 20.2% for the year 2006 to RO 409.265 Million.

The current year performance too is likely to be healthy as the economic prospects are enabling the continuity of the trend. In addition the recent government initiatives towards the investment in certain industrial projects in the northern and southern parts of the country are likely to materialize in the second half of the year. Also the prevailing high liquidity situation pronounces healthy asset creation and good consumer spending makes it more productive. Going by market fundamentals, the aggregate PE (TTM) multiple for the market is attractive at 11.8X with its Price to Book value of 2.1X. In addition the corporate sector have been liberal in distributing dividends for the year 2006 taking the overall market's dividend yield to 4.2%. In absolute terms circa RO 202 million is likely to be distributed by the corporate sector. We are positive on Cement, Banking, Leasing, Oil Marketing and select industry stocks like Oman cables, Al Hassan Engineering etc.

Funds Performance- Historical
as of February 28, 2007



TOP 5 Holdings

	%
Renaissance Services	11.29
Oman Cement	10.10
Shell Oman Marketing	7.42
Ominvest	6.97
Raysut Cement	6.28

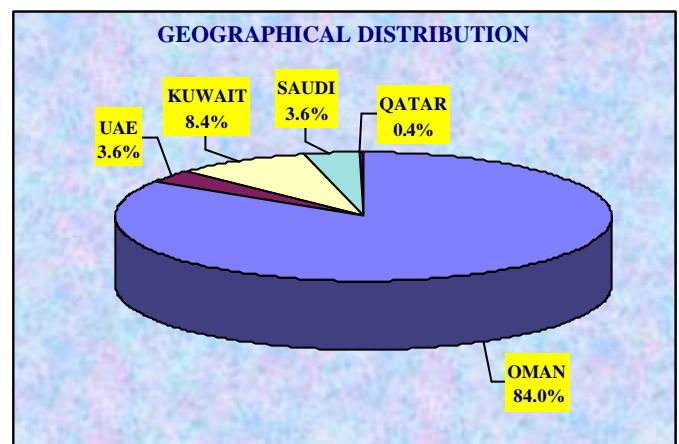
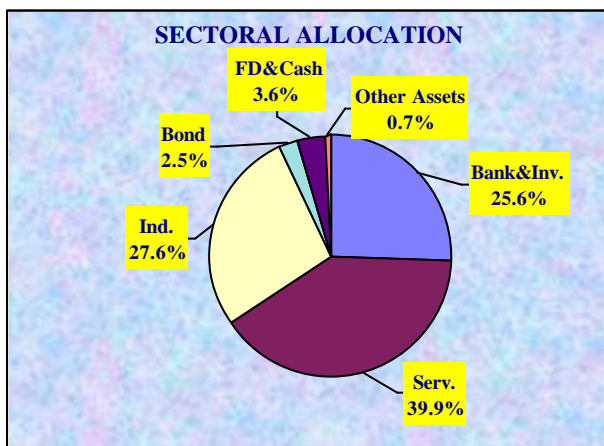
Fund Review for the 117th Month

The NAV was RO 1.259 at the end of the month and was up 3.11% on YTD basis as against the market's gain of 3.43%. The average NAV during the month was RO 1.256 and the fund quoted at an average discount of 14.7% in the Market. A total of 2,105 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. The Investors Committee at its meeting held on February 20, 2007 has recommended a cash dividend of 5% and a stock dividend of 5% after reviewing the draft financial statements for the financial year ended 2006.

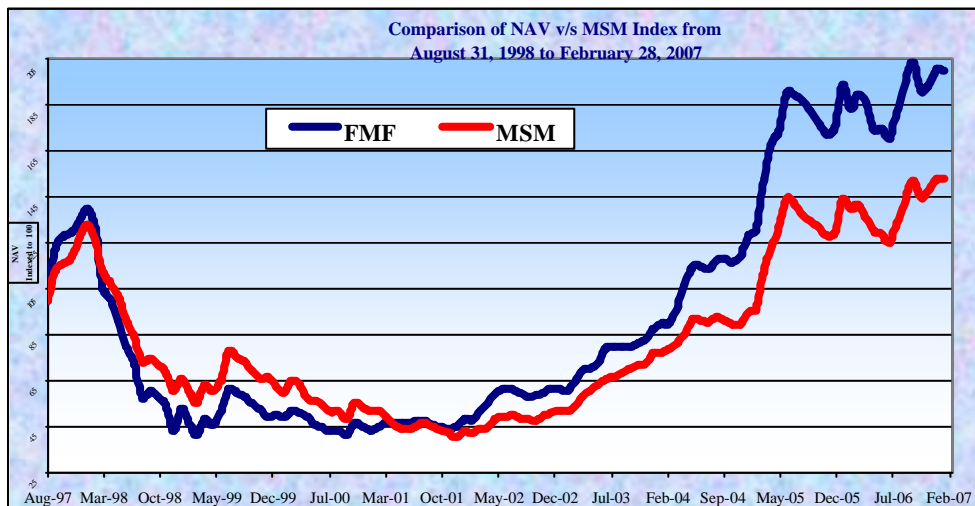
52-week	High	Low
MSM 30.Index	5956.46	4657.16
Market Price+	RO 1.200	RO 0.825
NAV per Unit+	RO 1.292	RO 1.047

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

Asset Allocations:



Performance



Asset Management Team:

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Investment Manager



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

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