



The First Mazoon Fund JIA

January 2006

104th Month

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

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	10.3%	11.72%
1 year	47.0%	52.4%
3 year	181.3%	178.4%
5 year	270.5%	180.8%
Since inception+	83.6%	44.3%

* 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 4.09 million
Units outstanding	: 2,517,987
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 1.627
Market Price	: RO 1.480
Last Dealing price/unit	: Bid: RO 1.381 offer: RO 1.422

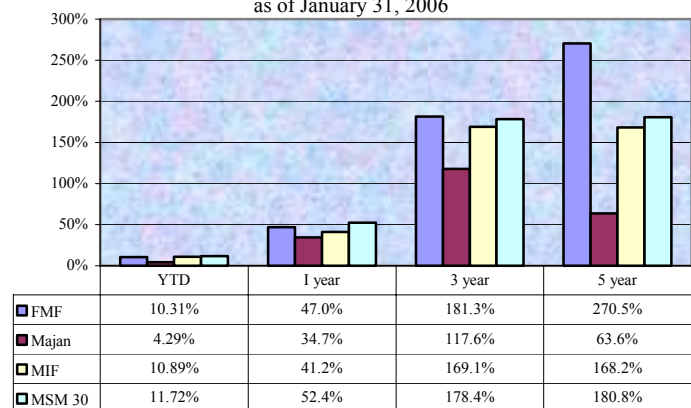
Percentage Monthly Returns

	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%												10.3%

Market Review and Outlook

The history repeated itself with the Muscat Securities Market experiencing the January rally this year too. This is the fourth consecutive year the MSM 30 has shown a sharp upside in the month of January. The regional stock markets were highly volatile as margin pressures started building up. Though the regional governments were posting a good surplus with oil once again crossing above \$60/brl, the markets in Qatar and UAE closed in red. The results of the leading corporates in Oman were posting good results for the financial year 2005 and have proposed generous dividends. The new amendment to the commercial law by which the companies are allowed to decide on the face value of the stocks below RO 1, has encouraged few high priced stocks to revise their face value. This too fueled the buying spree in the market in January. The banking & investment sector and Services sectors were the leaders in terms of return with a gain of 13% apiece. The Industry sector was a laggard with just 6% gain for the month. As we anticipated the volatility in the markets across the region have taken shape, we intend to actively reshuffle our portfolios and look for trading opportunities in local as well as regional portfolio to further our returns for the fund.

Funds Performance- Historical
as of January 31, 2006



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

TOP 5 Holdings

	%
Oman Cement	9.57
Al Madina Fin & Invest Co	9.94
Renaissance Services	8.90
Ominvest	7.68
Bank Muscat	6.70

Fund Review for the 104th Month

The NAV was RO 1.627 at the end of the month and was up 10.3% on YTD basis as against the market's gain of 11.72%. The average NAV during the month was RO 1.579 and average market discount declined to 8.7%. There were no redemptions and has received a subscription amounting to RO 3,800 approx during Feb'06. In the IC Meeting held on 5th Feb'06 IC members have proposed a dividend of 10% cash and 25% stock. The AGM is scheduled for 27th Feb'06.

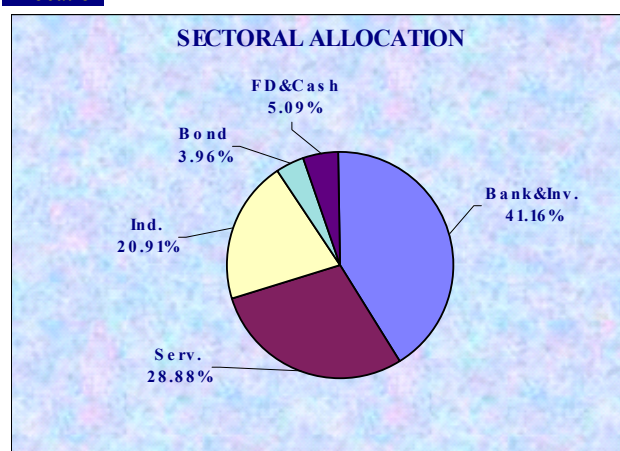
52-week	High	Low
MSM 30.Index	5699.32	3522.01
Market Price+	RO 1.830	RO 0.904
NAV per Unit+	RO 1.642	RO 1.095

+ Adjusted for 14% Cash dividend and 14% Stock dividend w.e.f. April 17, 2005

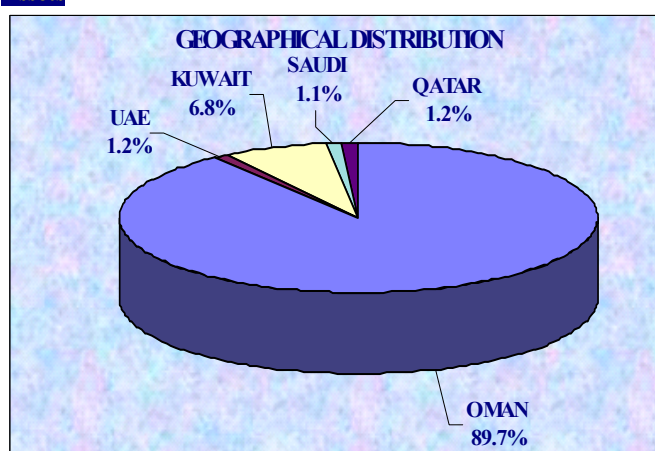
Past Five years

	FMF	MSM
Average Monthly return	2.2%	1.7%
Monthly maximum loss	-3.2%	-7.8%
Month of Maximum loss	Aug-00	Apr-01
Annualized Return	29.9%	22.9%
Annualized Volatility	3.7%	4.4%
% of winning months (against benchmark)	56.7%	na
% of gained months	38%	37%
YTD	10.3%	11.7%
Sharpe (RF 6%)	6.40	3.89

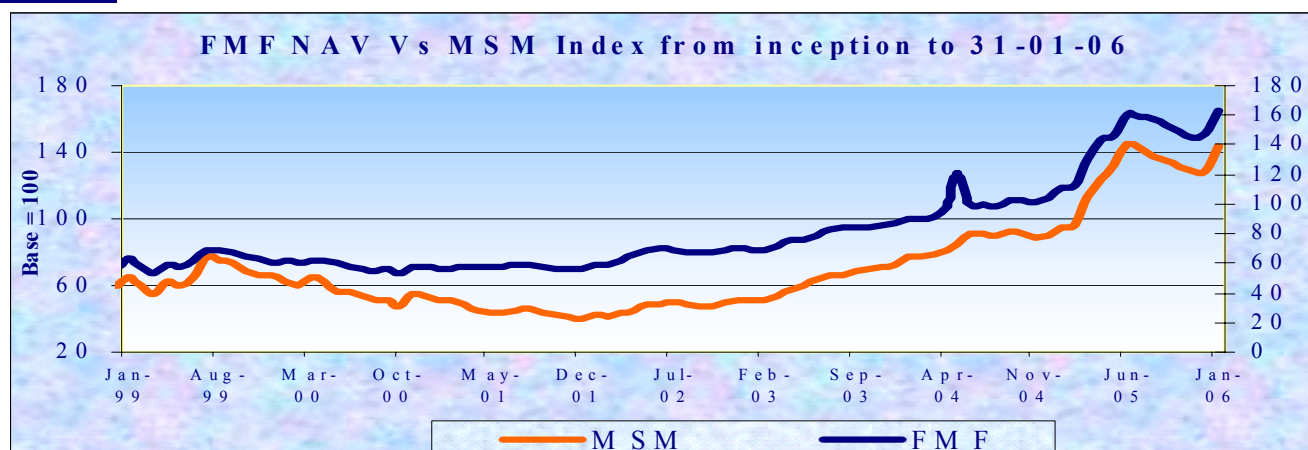
Allocation



Assets



Performance



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Managing Company



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