



The First Mazoon Fund JIA

July 2006

110th 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	-2.27%	-2.77%
YTD	-2.36%	-3.04%
1 year	-9.78%	-11.72%
3 year	116.35%	90.44%
5 year	260.53%	175.31%
Since inception+	70.81%	25.26%

* 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 2.96 million
Units outstanding	: 2,753,840
Type	: 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 1.074
Market Price	: RO 0.825
Last Dealing price/unit	: Bid: RO 0.979 Offer: RO 1.018

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					

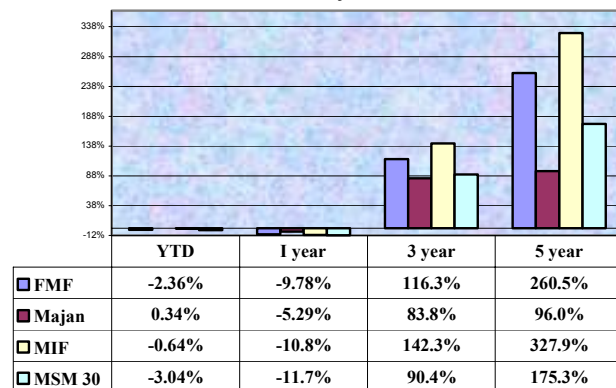
Market Review and Outlook

Markets continued on low tone with feeble activity during the month of July 2006. Regional sentiments and geopolitical tension further exerted pressure resulting in the correction of 2.77% in the benchmark MSM 30 Index. This resulted in the YTD return to close further deep into red at -3.04%. The expectation of the healthy earnings growth during the second quarter of current year to act as an impulse, got nullified with the effect of war in Lebanon. MSM 30 Index which started off at 4860.43 saw downward swing touching the month low of 4657.16 before closing at 4727.14. During the month Saudi's TASI was the major loser which fell by 17.49% followed by Kuwait's 5.75% and DFM's 4.53%. Qatar and Bahrain ended up with gains of 3.63% and 0.58% respectively.

Fundamentals remain stronger for Banking, Cement, Telecom, Oil Marketing and Hotel industries. This is visible from healthy second quarter earnings reported by companies in the sector. However, the sentiments are driving the market down which we believe will continue on a low tone unless there is any trigger from the regional market. Long term sustenance of economic growth along with high crude prices would act as boon for investments in the country. This along with planned expansions indicates healthy growth for corporate sector.

We would 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 July 31, 2006



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

TOP 5 Holdings

TOP 5 Holdings	%
Oman Cement	9.41
Renaissance Services	9.17
Bank Muscat	8.07
Ominvest	7.95
OMANTEL	6.18

Fund Review for the 110th Month

The NAV was RO 1.074 at the end of the month and the NAV has declined by 2.36% on YTD basis as against the market's decline of 3.04%. During this month the NAV has declined by 2.27% as against the index's decline of 2.77%. The average NAV during the month was RO 1.080 and the fund quoted at a n average discount of 15.4% in the Market. A total of 66,692 Units were redeemed during this month.

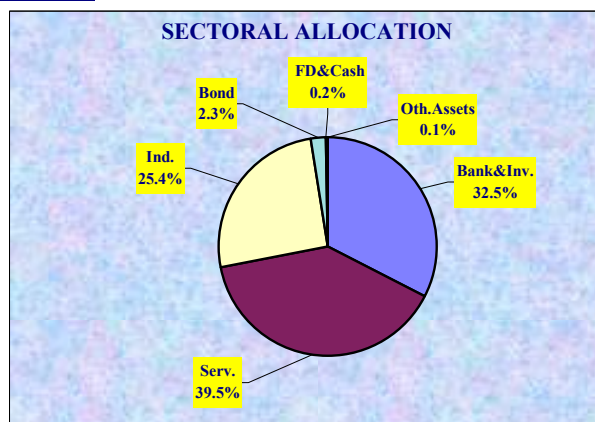
52-week	High	Low
MSM 30.Index	5522.20	4657.16
Market Price+	RO 1.280	RO 0.825
NAV per Unit+	RO 1.234	RO 1.047

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

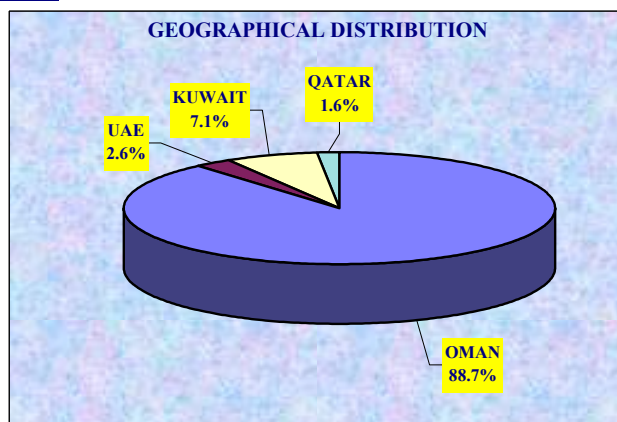
Past Five years

	FMF	MSM
Average Monthly return	2.3%	1.8%
Monthly maximum loss	-6.3%	-4.2%
Month of Maximum loss	May-06	Apr-06
Annualized Return	29.2%	22.5%
Annualized Volatility	4.6%	4.4%
% of winning months (against benchmark)	58.3%	na
% of gained months	37%	37%
YTD	-2.4%	-3.0%
Sharpe (RF 6%)	5.04	3.76

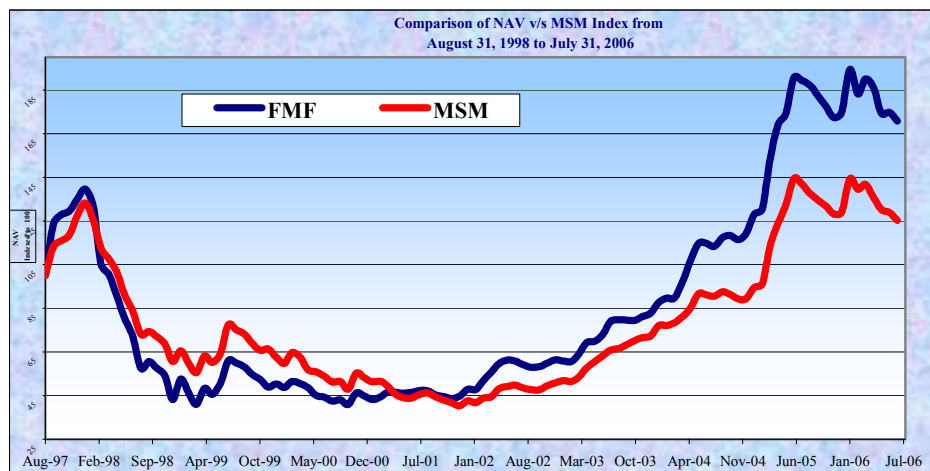
Allocation



Assets



Performance



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Managing Company



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

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