



The First Mazoon Fund JIA

June 2006

109th Month

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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	0.27%	-1.11%
YTD	-0.09%	-0.27%
1 year	-8.36%	-10.08%
3 year	139.70%	104.00%
5 year	276.05%	193.16%
Since inception+	74.79%	28.83%

* 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	: Moore Stephens
Current Size	: RO 3.1 million
Units outstanding	: 2,820,532
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 1.099
Market Price	: RO 0.950
Last Dealing price/unit	: Bid: RO 1.035 Offer: RO 1.076

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%						-0.09%

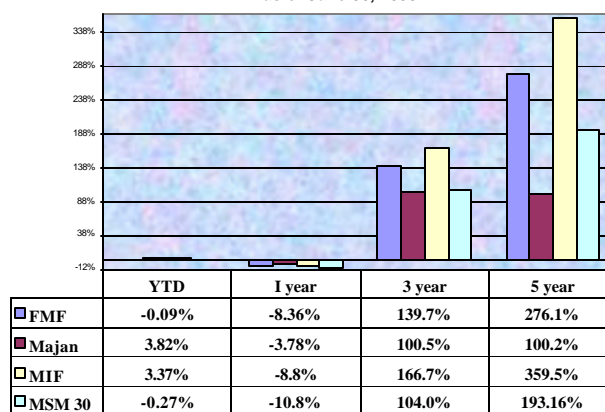
Market Review and Outlook

Regional sentiments and low volumes have brought in volatile movements in MSM 30 Index during the month of June 2006. Stock specific activities were visible due to which the benchmark lost 1.1% during the month to close at 4862.05. The Index which opened at 4916.58 saw overall movement of 184.80 points in the range of 5020.90 to 4836.1. The market went below the positive mark in terms of YTD returns and on the last trading day the same was at -0.3%. However MSM remains the best performing compared to the regional markets for the year 2006. During the month UAE (DFM) was the major loser which was down by 11.8% while Saudi's TASI posted 18.8% gains.

Although the sentiments in the region remains subdued, corporate performance is bound to be strong on healthy macro fundamentals. Rise in crude prices and focused approach in fiscal spending would trigger economic growth. This is further augmented by enthusiastic investments from the private sector in related areas of real estate, oil & gas. Meanwhile there are encouraging indications on healthy earnings growth from sectors like Banking, Cement, Oil Marketing, Telecommunication, Hotels and select turnaround & growth stories in Industry stocks. Companies with cash flows highly correlated towards equity investments carried the negative sentiments.

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 June 30, 2006



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

TOP 5 Holdings

	%
Oman Cement	9.29
Renaissance Services	8.87
Bank Muscat	8.03
Ominvest	7.89
Oman International bank	5.89

Fund Review for the 109th Month

The NAV was RO 1.099 at the end of the month and the NAV has declined by 0.09% on YTD basis as against the market's decline of 0.27%. During this month the NAV has appreciated by 0.27% as against the index's decline of 1.11%. The average NAV during the month was RO 1.105 and the fund quoted at an average discount in the market at a rate of 15.6%. A total of 70,166 Units were redeemed during this month.

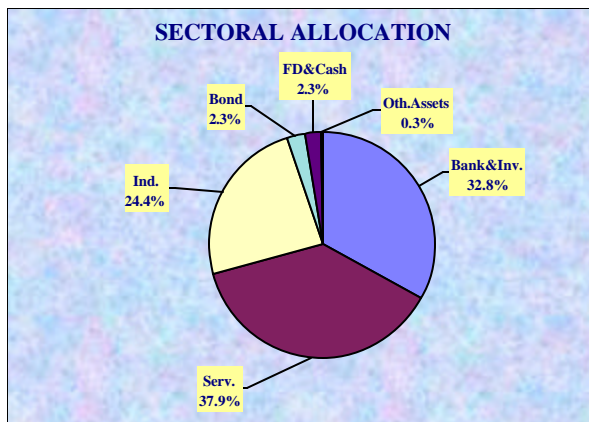
52-week	High	Low
MSM 30.Index	5522.20	4720.57
Market Price+	RO 1.280	RO 0.896
NAV per Unit+	RO 1.234	RO 1.047

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

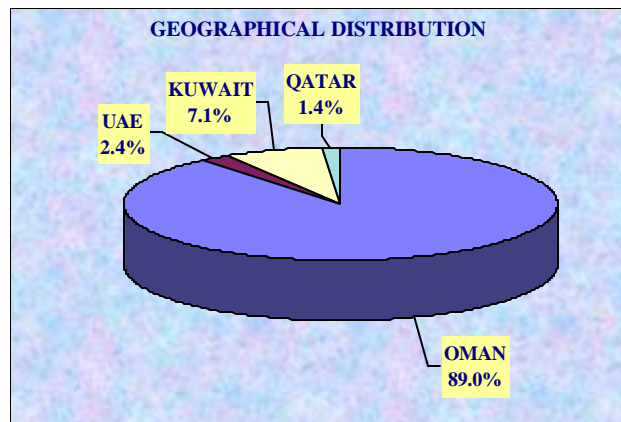
Past Five years

	FMF	MSM
Average Monthly return	2.3%	1.9%
Monthly maximum loss	-6.3%	-4.2%
Month of Maximum loss	May-06	Apr-06
Annualized Return	30.3%	24.0%
Annualized Volatility	4.6%	4.3%
% of winning months (against benchmark)	58.3%	na
% of gained months	38%	37%
YTD	-0.1%	-0.3%
Sharpe (RF 6%)	5.32	4.14

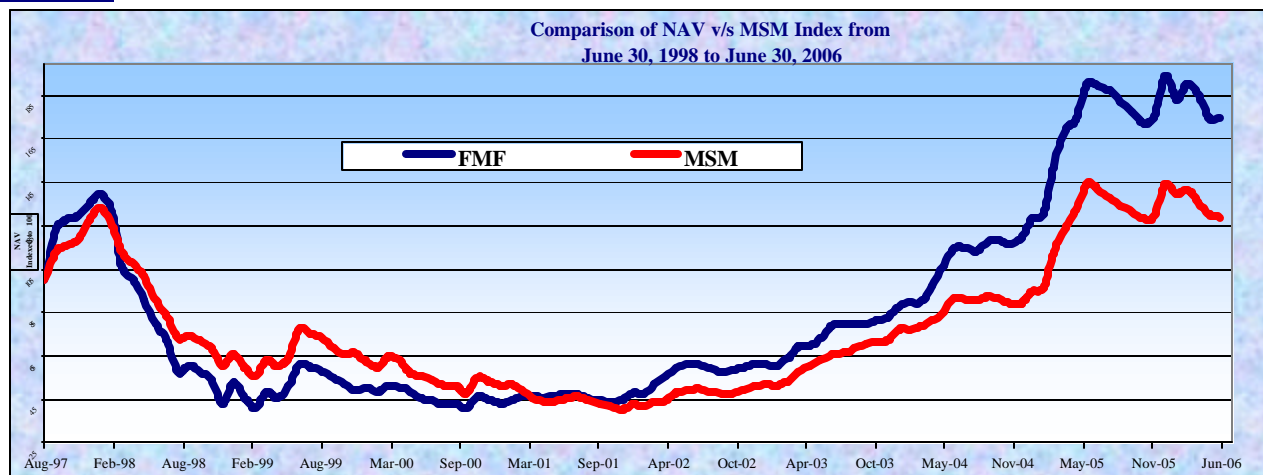
Allocation



Assets



Performance



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Managing Company



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