



The First Mazoon Fund JIA

May 2006

108th 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	-6.34%	-4.07%
YTD	-0.37%	0.85%
1 year	0.07%	1.60%
3 year	149.59%	115.75%
5 year	278.16%	196.32%
Since inception+	74.31%	30.28%

* 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 3.16 million
Units outstanding	: 2,890,698
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 1.096
Market Price	: RO 0.900
Last Dealing price/unit	: Bid: RO 1.075 Offer: RO 1.180

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%							

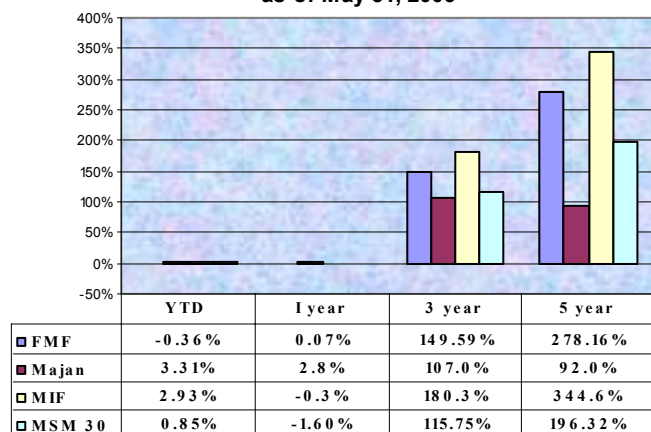
Market Review and Outlook

Subdued regional sentiments, during the month of May had a tragic impact on MSM 30 Index, which took YTD returns to negative levels. However, strong fundamentals in Banking, Cement, Oil marketing sectors, provided value buying opportunities, after which market recovered with YTD returns of 0.85% by the end of the month. During the month MSM 30 index fell by 4.07% to close at 4916.58. The volatility in the market was extreme on overall movement of 491 points with month high of 5214.18 and month low of 4722.86. The fall in the market was broad based, with overall loss of RO 114 million in terms of market capitalization. Overall market capitalization at the end of May 2006 was RO 4.454 Billion excluding Bonds and Funds.

Favourable Macroeconomic factors, apart from rising global interest rates, favour healthy economic growth during the current year. In this scenario, Sectoral growth stories remain intact which augments corporate growth stories. We remain bullish on sectors like Banking, Cement, Oil Marketing, Telecommunication, Hotels and select turnaround and growth stories in Industry stocks. Also, positive indication of sentiments from regional markets, will act as a catalyst for revival of market. However, for the time being Investment counters and firms with cash flows that are highly correlated to market will be having subdued outlook.

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 May 31, 2006



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

TOP 5 Holdings

	%
Oman Cement	8.91
Renaissance Services	8.35
Ominvest	8.02
Bank Muscat	7.49
Oman International bank	5.64

Fund Review for the 108th Month

The NAV was RO 1.096 at the end of the month and has declined by 0.37% on YTD basis as against the market's gain of 0.85%. During this month the NAV has declined 6.34% as against the index's decline of 4.07%. The average NAV during the month was RO 1.104 and the fund quoted at a average discount in the market at a rate of 13.6%. A total of 256,127 Units were redeemed during this month.

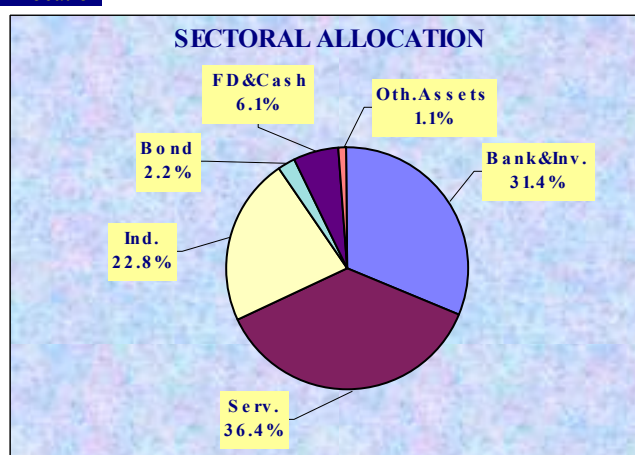
52-week	High	Low
MSM 30.Index	5699.32	4720.570
Market Price+	RO 1.280	RO 0.896
NAV per Unit+	RO 1.234	RO 1.047

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

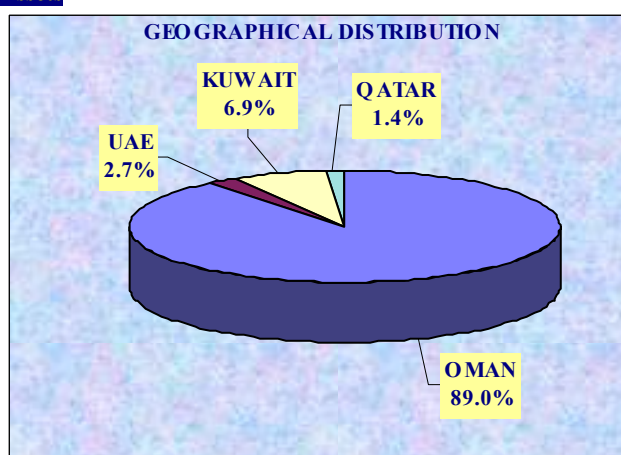
Past Five years

	FMF	MSM
Average Monthly return	2.3%	1.8%
Monthly maximum loss	-6.3%	-4.2%
Month of Maximum loss	May-06	Apr-06
Annualized Return	30.5%	24.3%
Annualized Volatility	4.6%	4.4%
% of winning months (against benchmark)	58.3%	na
% of gained months	37%	37%
YTD	-0.4%	0.9%
Sharpe (RF 6%)	5.34	4.17

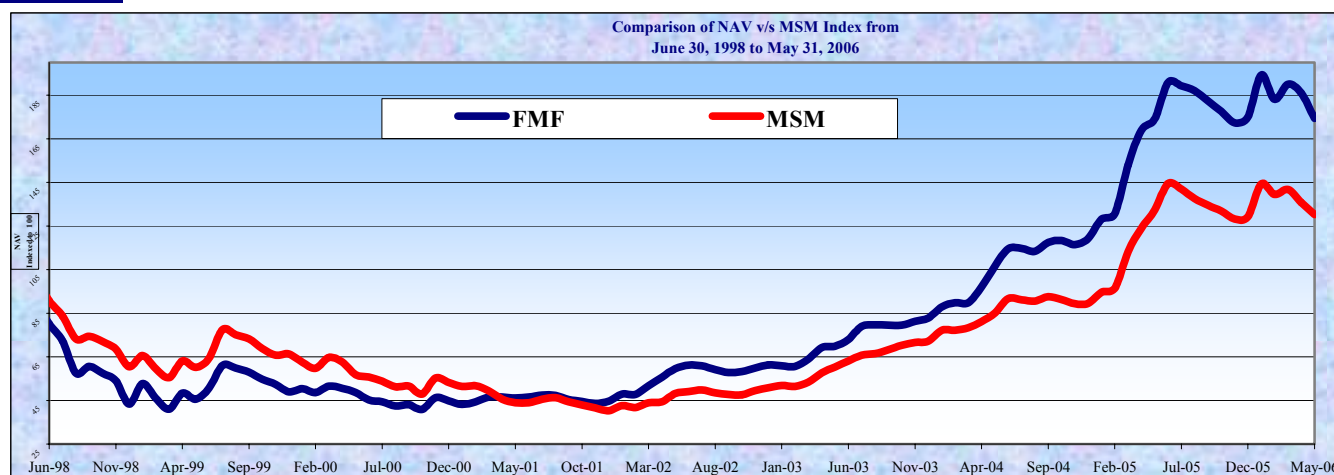
Allocation



Assets



Performance



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Managing Company



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