



The First Mazoon Fund

The First Mazoon Fund JIA

P O Box 974, Ruwi, Postal Code 112, Oman – Tel: +968 24790614 Fax: +968 24790 612

Dec 2010
163rd Month

Objectives

The primary objective of the fund is to achieve capital appreciation through a diversified portfolio of equity and Bond investments in public companies listed at GCC Markets and Mena region.

**Winner of
Lipper Fund Award
-2010**



Fund Details

Manager	Gulf Baader Capital Markets SAOC
Custodian	HSBC Bank Middle East, Oman
Launch Date	June 10, 1997
Auditors	Horwath Mak Ghazali LLC
Current Size	RO 4.668 million
Units outstanding	4,201,352
Type	Open-ended
Subscription/redemption	Daily
Valuation date	Daily
Entry Fee	Upto 2%
Management fee	1.4% per annum
Performance fee	10%
Hurdle rate	10%
Redemption Fee	1% < 1 year
NAV/Unit	RO 1.111 (Draft Audited)

FMF –Winner of Lipper Fund Award – 5 Year GCC Equity

FMF –Best Performer in risk adjusted return among GCC conventional funds for 3 year category. (source:Markaz)

FMF –2nd Best Performer in 2009 among GCC Conventional Funds (Source: Markaz)

FMF –Best Performer among 3 & 5 year category among GCC Funds (Source: zawya)

Performance			
	FMF	S&P GCC Comp.	MSM 30 Index
For the month*	4.91%	4.58%	2.47%
YTD	13.91%	12.83%	6.06%
3 year	-8.07%	-42.42%	-25.24%
5 year	60.88%	-53.43%	38.56%
Since inception	215.17%	na	78.99%

* On NAV (Draft Audited) of RO 1.111 for close of year 2010

Percentage Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
1997									21.0%	3.1%	1.2%	3.8%	22.9%
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%	-54.6%
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%	7.9%
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%	-5.3%
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%	22.8%
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%	23.9%
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%	32.8%
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%	42.1%
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%	11%
2007	2.93%	-0.32%	1.44%	3.34%	3.23%	2.33%	2.27%	2.61%	3.89%	8.91%	6.48%	9.12%	57.6%
2008	-0.28%	9.41%	0.73%	8.8%	2.18%	-0.11%	-4.6%	-8.12%	-10.25%	-20.91%	-3.18%	-10.8%	-33.9%
2009	-6.16%	-2.22%	2.73%	9.63%	6.77%	0.38%	3.77%	6.27%	4.36%	-1.15%	-0.83%	-2.26%	22.09%
2010	0.15%	3.00%	5.43%	1.79%	-10.37%	-1.76%	3.44%	-0.44%	5.25%	2.30%	0.43%	4.91%	13.91%

Market Review and Outlook

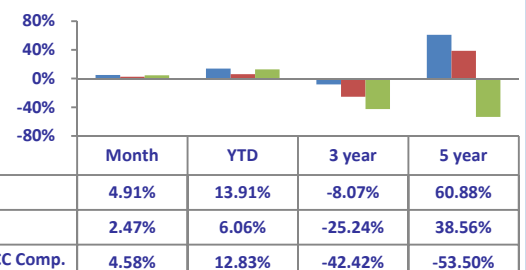
Year 2010 closed with commendable gains in Qatar, Saudi and Oman during the month of December. With improving market activity and indications of healthy fund flows from foreign investors, the regional benchmark S&P GCC Composite Index registered monthly gain of 4.58%. After this the return on the Index for year 2010 is 12.83%. Qatar equities have outperformed among GCC basket with year return of 24.75% followed by Saudi and Oman, up by 8.15% and 6.06% respectively. Investor focus remained on corporate performance in these markets with improving liquidity scenario in the domestic economy. Despite amicable restructuring of Dubai's debt, UAE markets carries overhang of issues related to real estate sector and its influence on corporate sector performance. While, Dubai's DFM index ended 9.60% lower during the year, Abu Dhabi managed to close almost flat. Bahrain's benchmark ended 1.78% lower during the year 2010.

During the year 2010, your fund maintained focus on core earnings performance of corporate sector in the region, primarily Saudi, Qatar and Oman. This along with momentum play in UAE and Kuwait has led to yearly return of 13.91% (Year close Draft Audited NAV of RO 1.111) for the Fund. Moving forward we remain positive on outlook for the GCC region. Crude prices hovering over USD 90 per bbl along with budgetary indications of expansionary policies supports the macro fundamentals. Corporate sector performance is expected to be healthy with appealing dividend driven opportunities in the near term.

Dividend

Financial Year ended	Cash	Stock
2009	5%	15%
2007	10%	15%
2006	5%	5%
2005	10%	25%
2004	14%	14%

Funds Performance- Historical as of Dec 2010



Fund Review for the 163rd Month

The NAV (Draft Audited) was RO 1.111 as at the end of Dec 10 and is up 13.91% on YTD basis as against the S&P GCC Composite Index gain of 12.83% and MSM30 Index gain of 6.06%. The average NAV during the month was RO 1.087. A total of 9,001 units were subscribed and there were no redemptions during the month. The total number of units now stands at 4,201,352. The net asset value now stands at RO 4,667,764 from the month's opening value of RO 4,439,954.

TOP 5 Holdings

	%
Saudi Basic Ind. corp	8.02
Renaissance Services	5.94
Bank Muscat	5.16
Al Rajhi Bank	4.54
National Bank of Kuwait	4.19

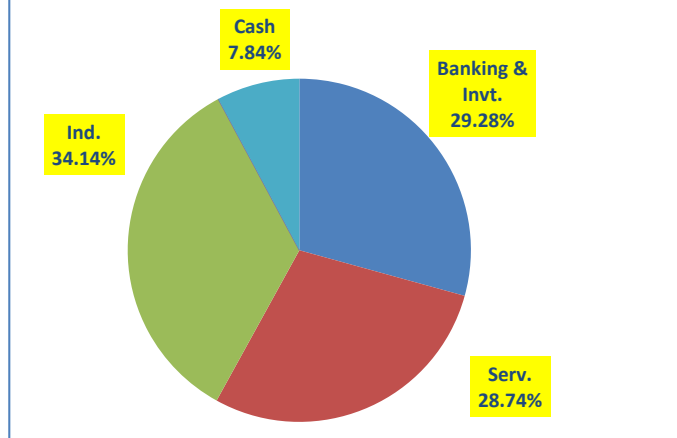
Past Five years

	FMF *	MSM	FMF *	S&P GCC Comp.
Average Monthly Return	0.98%	0.79%	0.98%	-0.95%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-24.7%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	10.1%	6.7%	10.1%	-14.2%
Annualized Volatility	20.3%	23.9%	20.3%	27.0%
% of winning months (against benchmark)	49.2%	na	69.5%	na
% of gained months	64.4%	67.8%	64.4%	45.8%
YTD	13.91%	6.06%	13.91%	12.83%
Beta	0.78	na	0.54	na
Sharpe (RF 4.5%)	0.27	0.09	0.27	(0.69)
Information ratio	0.16	na	1.19	na
Alpha	3.8%	na	15.8%	na

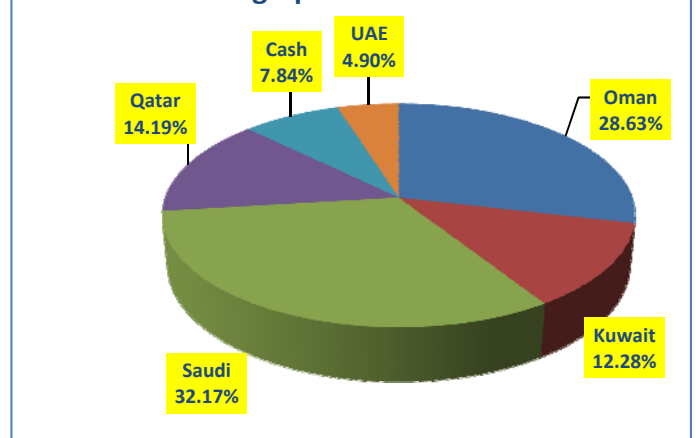
* On NAV (Draft Audited) of RO 1.111 for close of year 2010

Asset Allocations:

Sectoral Allocation

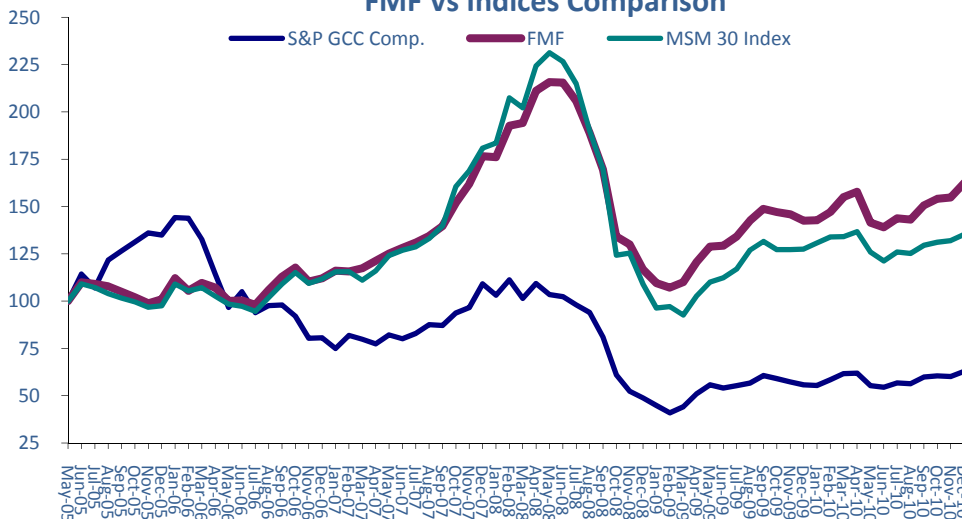


Geographical Allocation



Performance

FMF Vs Indices Comparison



Contact Details:

Mr. Sankar Kailasam
SVP- Asset Management
Tel: +968 24790 614 Ext – 526
Gsm: +968 99887207
Email: sankar@gbcmoman.net

Mr. Raghavendran J.G
Manager–Fund Administration
Tel: +968 24790 614 Ext – 528
Gsm: +968 99898150
Email: raghu@gbcmoman.net

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Investment Manager



الخليجية بادر لأسواق المال ش.م.ع.م.
GULF BAADER CAPITAL MARKETS S.A.O.C.

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

E-mail: invest@fmfoman.net