



The First Mazoon Fund

The First Mazoon Fund JIA

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December 2008
139th 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 MSM, GCC Markets and Mena region.

Fund Details

Manager	Gulf Baader Capital Markets SAOC
Custodian	HSBC Bank Middle East, Oman
Launch Date	June 10, 1997
Auditors	Moore Stephens
Current Size	RO 3.50 million
Units outstanding	3,659,922
Type	Open-ended
Subscription/redemption	Daily
Valuation date	Daily
Entry Fee	2%
Management fee	1.4% per annum
Performance fee	10%
Hurdle rate	10%
Redemption Fee	1% < 1 year
NAV/Unit	RO 0.958

Performance

	FMF	MSCI (GCC)	MSM 30 Index
For the month	-10.13%	-0.93%	-13.13%
1 year	-33.91%	-56.99%	-39.78%
3 year	16.19%	-66.33%	11.61%
5 year	159.23%	na	99.55%
Since inception	126.59%	na	44.18%

Dividend Paid

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

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%	57.63%
2008	-0.28%	9.41%	0.73%	8.8%	2.18%	-0.11%	-4.6%	-8.12%	-10.25	-20.91%	-3.18%	-10.13%	-33.91%

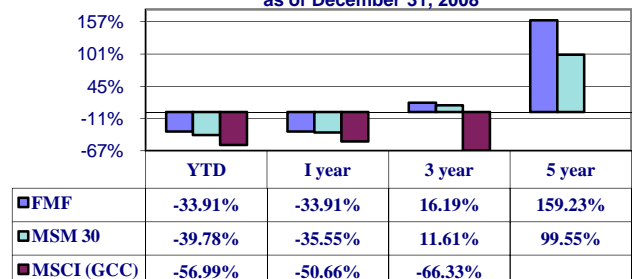
Market Review and Outlook

The year 2008 came to an end with a disastrous performance in the month of December. Despite the global markets showing signs of Santa Claus rally regional markets with the exception of Qatar and Saudi were amassed with selling pressure and closed much lower from the November end. Qatar and Saudi gained 13% and 1% respectively. UAE, Oman and Kuwait lost in double digits. This prompted the benchmark MSCI (GCC) to decline by about 17.7%. This brought the year to date return of MSCI (GCC) to -31.5%.

The banking and real estate sectors were primarily hit owing to the tight liquidity situation and downgrades by rating agencies. The commodity declines too have impaired the inventory and margins of the industry sector companies. Oman's Central bank at last reacted with its proposed drop in the CRR rate from 8% to 5% and relaxation in lending ratio effective 1st January 2009. This is likely to bring about liquidity in the system and possibly softening of the interest rates possibly by the second quarter 2009. Meanwhile the crude has also declined considerably in the last 2 months increasing concern among the investors.

The impending full year results are likely to be mixed as the fourth quarter results are likely to impact the first nine month results leading to further sell off amidst the uncertainty surrounding immediate future. In the coming month the market volatility is likely to be higher as the annual results will play against the fresh allocation and stabilization fund that will reach the market.

Funds Performance- Historical
as of December 31, 2008



TOP 5 Holdings

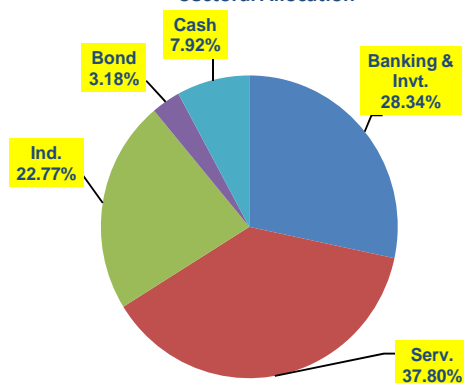
	%
Omantel	13.58
Bank Muscat	12.50
Shell Oman Marketing	7.64
Raysut Cement	4.72
Almarai Co.	4.07

Fund Review for the 139th Month

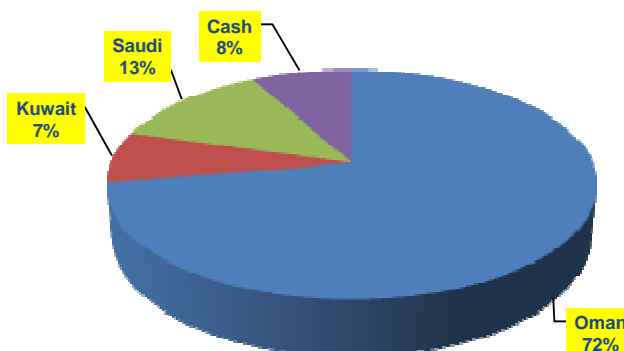
The NAV was RO 0.958 at the end of the month and was down 33.91% on YTD basis as against the MSM30 Index decline of 39.78% and regional markets represented by MSCI (GCC) return of -56.99%. The average NAV during the month was RO 1.012. A total of 13,111 units were redeemed during this month. With this the total net subscription for the year now stands at 3,659,922 units".

	Past Three years			
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	0.6%	0.6%	0.6%	-2.55%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-21.9%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	5.1%	3.7%	5.1%	-30.4%
Annualized Volatility	23.3%	27.9%	23.3%	31.5%
% of winning months (against benchmark)	51.4%	na	80.0%	na
% of gained months	62.9%	62.9%	62.9%	42.9%
YTD	-33.9%	-39.8%	-33.9%	-57.3%
Beta	0.78	na	0.42	na
Sharpe (RF 4.5%)	0.03	(0.03)	0.03	(1.11)
Alpha	1.2%	na	15.5%	na

Sectoral Allocation

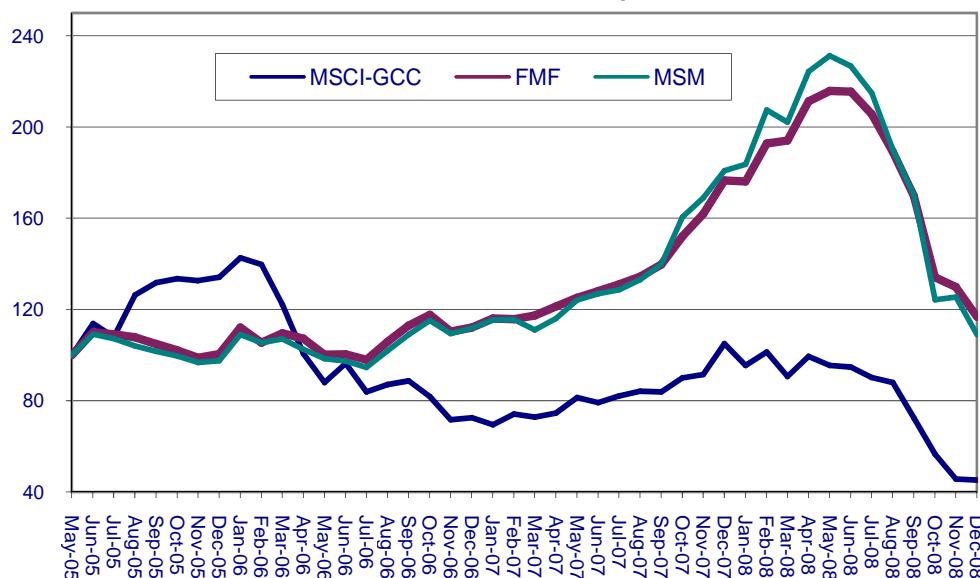


Geographical Distribution



Performance

FMF Vs Indices Comparison



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Investment Manager



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