



The First Mazoon Fund

The First Mazoon Fund JIA

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December 2009

151st 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.

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 4.281 million
Units outstanding	3,619,961
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 1.183

Performance

	FMF	MSCI (GCC)	MSM 30 Index
For the month	-1.17%	-1.90%	0.18%
1 year	23.49%	18.81%	17.05%
3 year	28.66%	-26.00%	14.10%
5 year	115.17%	na	88.70%
Since inception	179.81%	na	68.76%

Dividend Paid

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

Percentage Monthly Returns

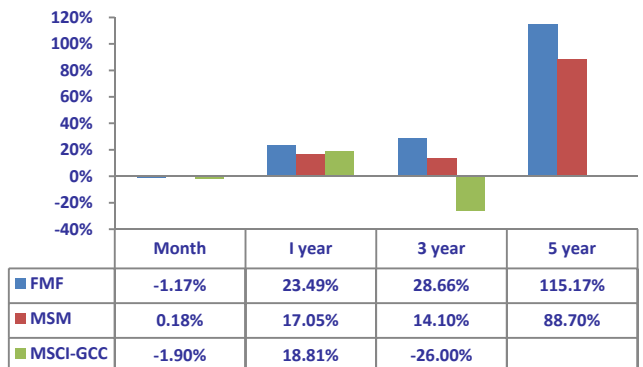
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
1997									21.0%	3.1%	1.2%	3.8%	22.9%
1998	3.1%	-5.3%	-18.1%	-4.2%	-8.6%	-10.2%	-8.6%	-17.2%	4.4%	-4.2%	-4.9%	-16.1%	-54.6%
1999	16.7%	-10.2%	-8.5%	13.6%	-4.4%	8.8%	16.2%	-1.6%	-2.5%	-4.7%	-3.6%	-5.1%	7.9%
2000	2.3%	-2.6%	4.6%	-1.6%	-2.8%	-5.6%	-1.6%	-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%	57.6%
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%	-1.17%	23.49%

Market Review and Outlook

GCC markets during the year 2009 went through a volatile period starting with fears on global recession, fall in crude prices and culminated amidst Dubai debacle. The year closed with Saudi as the best performing equity market in GCC with gain of 27.5% followed by Oman, wherein MSM 30 Index registered gain of 17%. Dubai crisis took the toll during fourth quarter of the year hitting UAE's ADX and DFM general indices that managed to post a nominal yearly gain of 14.8% and 10.2% respectively. Qatar during the year was on the limelight with government initiatives in terms of supporting the Banking sector. However, DSM index closed with marginal gains of 1.1% during the year. Kuwait and Bahrain closed the year with losses of -10.0% and -19.2% respectively.

Saudi and Oman Government budgets for 2010, signal higher level of fiscal spending with focus on infrastructure development and job creation in the near term. Meanwhile, Qatar's gas expansion story remains strong and intact. We believe, recovery in credit cycle with softening interest rates, which have always demonstrated a lag as compared to FED rates, will boost investment cycle during the year 2010. We remain positive on Saudi, Oman and Qatar while, neutral on UAE, Kuwait and Bahrain. As we head towards the beginning of year 2010, we believe these markets to build-in earnings and dividend expectations from corporate sector for the near term. Meanwhile, for the medium to longer term, expectations on healthy earnings in Saudi, Oman and Qatar for 2010 on back of improving macro-fundamentals is likely to attract value investors.

Funds Performance- Historical as of December 31, 2009



TOP 5 Holdings

	%
Bank Muscat	8.62
Oman Cement	7.98
Omantel	7.53
SABIC	5.83
Renaissance Services	5.78

Fund Review for the 151st Month

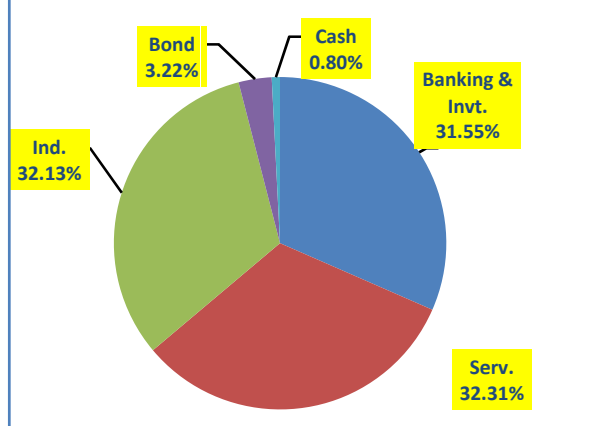
The NAV was RO 1.183 (Prov. unaudited) at the end of 2009 and was up 23.49% on YTD basis as against the MSM30 Index gain of 17.05% and regional markets represented by MSCI (GCC) return of 18.81%. The average NAV during the month was RO 1.158. A total of 2,012 units were redeemed and there were no subscription during the month. The total number of units now stands at 3,619,961. The net asset value now stands at RO 4,281,290 from the beginning of the year of RO 3,506,891.

Past Three years

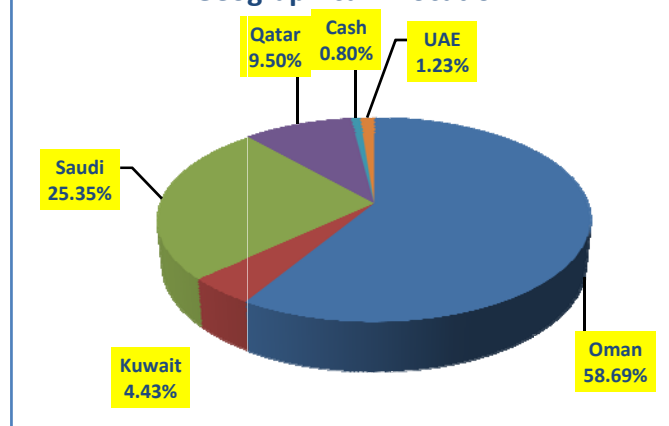
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	0.91%	0.71%	0.91%	-0.47%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-21.9%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	8.8%	4.5%	8.8%	-9.5%
Annualized Volatility	21.8%	27.9%	21.8%	29.0%
% of winning months (against benchmark)	48.6%	na	74.3%	na
% of gained months	62.9%	71.4%	62.9%	48.6%
YTD	23.49%	17.05%	23.49%	18.81%
Beta	0.71	na	0.55	na
Sharpe (RF 4.5%)	0.20	(0.00)	0.20	(0.48)
Information ratio	0.20	na	0.84	na
Alpha	4.3%	na	12.0%	na

Asset Allocations:

Sectoral Allocation

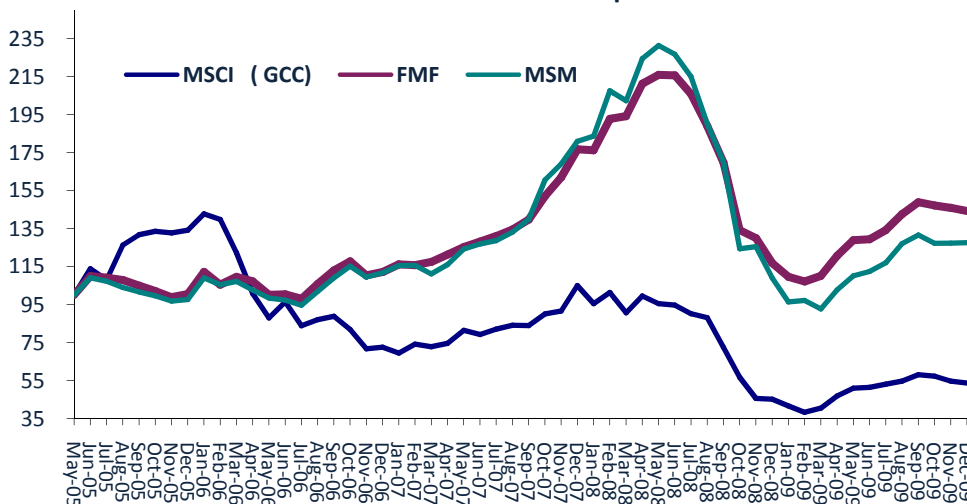


Geographical Allocation



Performance

FMF Vs Indices Comparison



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Investment Manager



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