



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

Feb 2012
177th 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 4,668 million |
| Units outstanding | 4,707,333 |
| 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 0.992 |

Your Gateway to GCC Markets

Performance

| | FMF | S&P GCC Comp. | MSM 30 Index |
|-----------------|---------|---------------|--------------|
| MTD | 8.37% | 7.43% | 4.97% |
| YTD | 8.96% | 9.17% | 2.50% |
| 1 Year | 10.95% | 10.12% | -4.96% |
| 3 year | 49.26% | 53.82% | 20.27% |
| 5 year | 38.20% | -23.12% | 1.12% |
| Since inception | 210.33% | na | 54.69% |

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% |
| 2011 | -2.58% | -8.61% | 6.06% | 4.34% | -3.30% | -1.60% | -1.66% | -4.32% | -0.03% | 2.19% | -2.53% | 3.22% | -9.33% |
| 2012 | 0.54% | 8.37% | | | | | | | | | | | 8.96% |

Market Review and Outlook

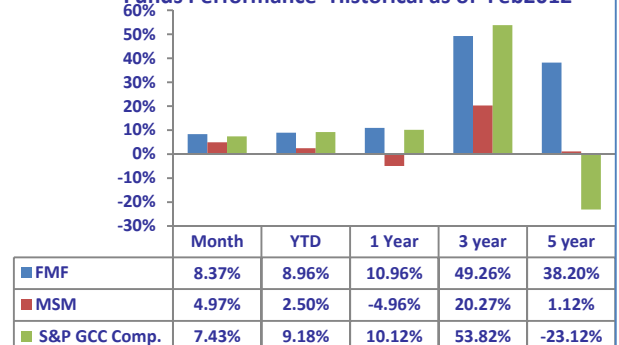
The month of February 2012 witnessed the local and regional markets gaining substantial momentum, with trading volumes rising in an unprecedented way. In Saudi Arabia, the sharp up move in the Tadawul index was accompanied by record turnover figures, which exceeded SAR 15 billion on the last day of the month. In monthly performance, DFM pleasantly shocked by clocking in a 20.53% gain during the month. This was followed by a 9.06% gain in the Saudi market index. Use of oil rigs in KSA more than doubled in Jan'12 compared to last year, which is the biggest YoY increase on record. In another development, Kuwait's money supply growth accelerated to a 2yr high of 9.8%YoY in Jan'12 from 8.5% YoY in the previous month, suggesting some improvement in economic fundamentals.

Global economic scenario changed for the better towards the end of February 2012 as China's manufacturing improved for a 3rd consecutive month in Feb'12 with PMI logging in at 51 from 50.5 against a consensus forecast of 50.9 in the previous month. Western markets too are buzzing with activity as the EU lenders tapped the ECB for EUR529.5bn in 3yr funds which came in above expectations and 8% above the previous auction off-take while the US economy expanded at a revised 3% p.a. rate for 4QCY11 (vs. estimates of 2.8% growth). Regionally, markets are expected to hold the gains in March owing to dividend disbursements.

Dividend

| Financial Year ended | Cash | Stock |
|----------------------|------|-------|
| 2010 | 5% | 5% |
| 2009 | 5% | 15% |
| 2007 | 10% | 15% |
| 2006 | 5% | 5% |

Funds Performance- Historical as of Feb2012



Fund Review for the 177th Month

The NAV was RO 0.992 as at the end of Feb' 12 increased by about 8.4% for the month as against the S&P GCC Composite Index gain of 7.4% and MSM30 Index return of about 5%. The average NAV per unit during the month was RO 0.947. There were no subscription or redemption of units for the month. The total number of units now stands at 4,707,333. The net asset value stands higher at RO 4.7 mln.

TOP 5 Holdings

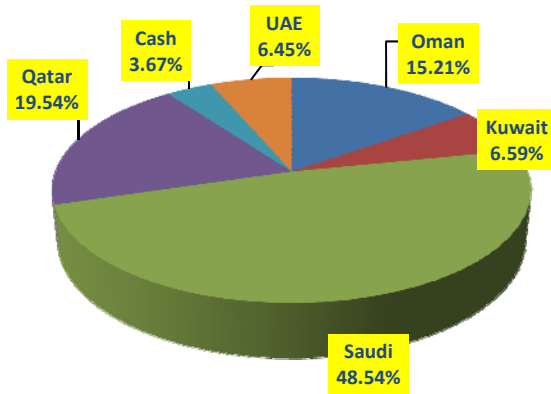
| TOP 5 Holdings | % |
|-----------------------|------|
| Saudi Basic Ind. corp | 6.65 |
| Al Rajhi Banking Corp | 6.04 |
| Bank Muscat | 4.74 |
| Industries Qatar | 4.25 |
| Qatar National Bank | 4.14 |

Past Five years

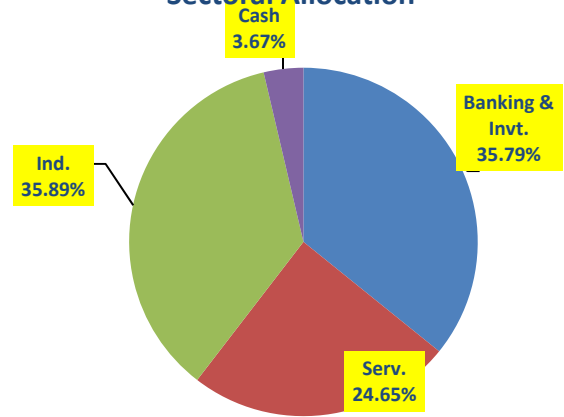
| | FMF | MSM | FMF | S&P GCC Comp. |
|---|--------|--------|--------|---------------|
| Average Monthly Return | 0.71% | 0.26% | 0.71% | -0.20% |
| Monthly Maximum loss | -20.9% | -26.9% | -20.9% | -24.7% |
| Month of Maximum loss | Oct-08 | Oct-08 | Oct-08 | Oct-08 |
| Annualized Return | 6.7% | 0.2% | 6.7% | -5.1% |
| Annualized Volatility | 19.6% | 23.4% | 19.6% | 23.7% |
| % of winning months (against benchmark) | 55.9% | na | 62.7% | na |
| % of gained months | 61.0% | 62.7% | 61.0% | 47.5% |
| YTD | 8.96% | 2.50% | 8.96% | 9.17% |
| Beta | 0.75 | na | 0.71 | na |
| Sharpe (RF 4.5%) | 0.11 | (0.18) | 0.11 | (0.41) |
| Information ratio | 0.33 | na | 0.60 | na |
| Alpha | 5.4% | na | 9.0% | na |

Asset Allocations:

Geographical Allocation

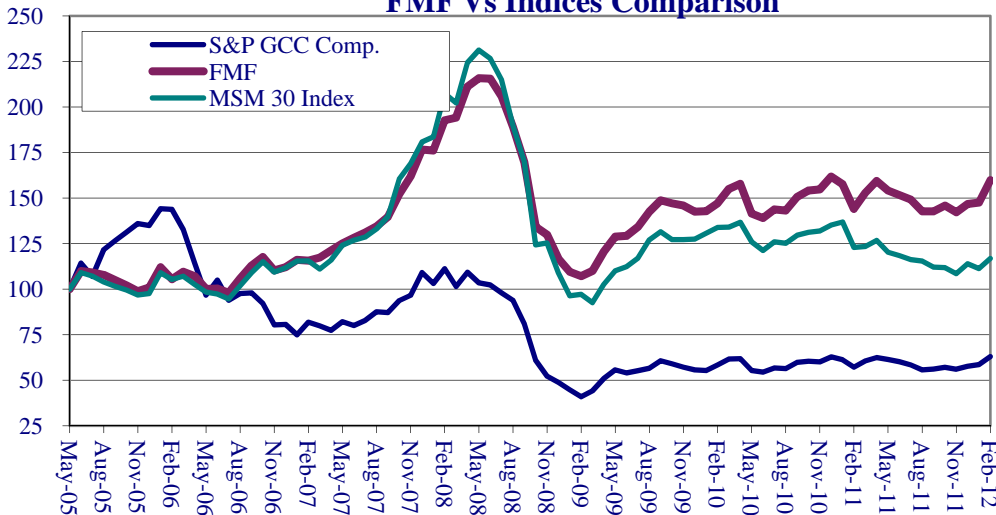


Sectoral Allocation



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