



The First Mazoon Fund

The First Mazoon Fund JIA

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February 2011

165th 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 4.056 million
Units outstanding	4,113,851
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 0.986

FMF –Best Performer in risk adjusted return among GCC conventional funds for 3 year category. (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	-8.61%	-6.55%	-10.18%
YTD	-10.95%	-9.01%	-9.07%
1 Year	-2.02%	-2.13%	-8.18%
3 year	-25.22%	-48.57%	-40.73%
5 year	36.66%	-60.23%	16.67%
Since inception	179.67%	na	62.76%

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%											-10.95%

Market Review and Outlook

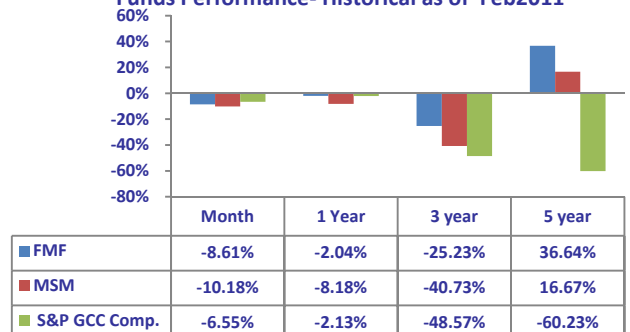
The equity market witnessed a gradual upward trend in the beginning of February 2011 backed by positive corporate earnings announcements as well as benign dividend proposals. However, this did not last for long as a fresh wave of protests that got kicked off in certain North African states started to spread among many MENA countries such as Libya, Bahrain and Yemen. Casualties in Bahrain and tensions anticipated in the eastern province of Saudi Arabia triggered a mass exodus of foreign investors from GCC markets too, causing significant damage to the investor sentiment. Oman, Qatar, UAE and Saudi markets were worst affected with a decline of 10.2%, 9.3%, 8% and 6.55% respectively.

Looking forward to the month of March, market activity is anticipated to be significantly influenced by dividend payouts. Dividend yields flared up owing to large market corrections in February, and market prices are now expected to catch up as the book closure dates approach. Having said that, foreign institutional investors are unlikely to participate in a big way in regional markets because of the overall uncertainties existing in the geo-political front in the MENA region. Thus, the fresh money hitting the market would be mostly the partial reinvestment of dividend receipts.

Dividend

Financial Year ended	Cash	Stock
2010(Proposed)	5%	5%
2009	5%	15%
2007	10%	15%
2006	5%	5%
2005	10%	25%
2004	14%	14%

Funds Performance- Historical as of Feb2011



Fund Review for the 165th Month

The NAV was RO 0.986 as at the end of Feb' 11 and is down by 8.61% for the month as against the S&P GCC Composite Index loss of 6.55% and MSM30 Index loss of 10.2%. The average NAV during the month was RO 1.072. A total of 139,620 units were redeemed during the month. The total number of units now stands at 4,113,851. The net asset value now stands at RO 4,055,677 from the month's opening value of RO 4,588,399.

TOP 5 Holdings

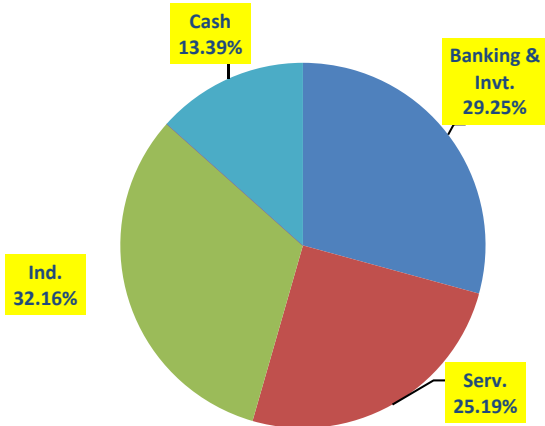
	%
Saudi Basic Ind. corp	9.38
National Bank of Kuwait	4.73
Al Rajhi Banking Corp	4.62
Renaissance Services	4.28
Bank Muscat	3.90

Past Five years

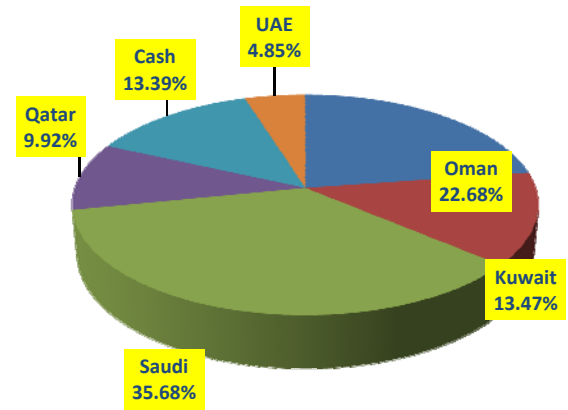
	FMF	MSM	FMF	S&P GCC Comp.
Average Monthly Return	0.69%	0.50%	0.69%	-1.22%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-24.7%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	6.4%	3.1%	6.4%	-16.8%
Annualized Volatility	20.0%	23.8%	20.0%	26.8%
% of winning months (against benchmark)	50.8%	na	67.8%	na
% of gained months	62.7%	67.8%	62.7%	44.1%
YTD	-10.95%	-9.07%	-10.95%	-9.01%
Beta	0.77	na	0.54	na
Sharpe (RF 4.5%)	0.10	(0.06)	0.10	(0.79)
Information ratio	0.17	na	1.17	na
Alpha	3.0%	na	13.5%	na

Asset Allocations:

Sectoral Allocation

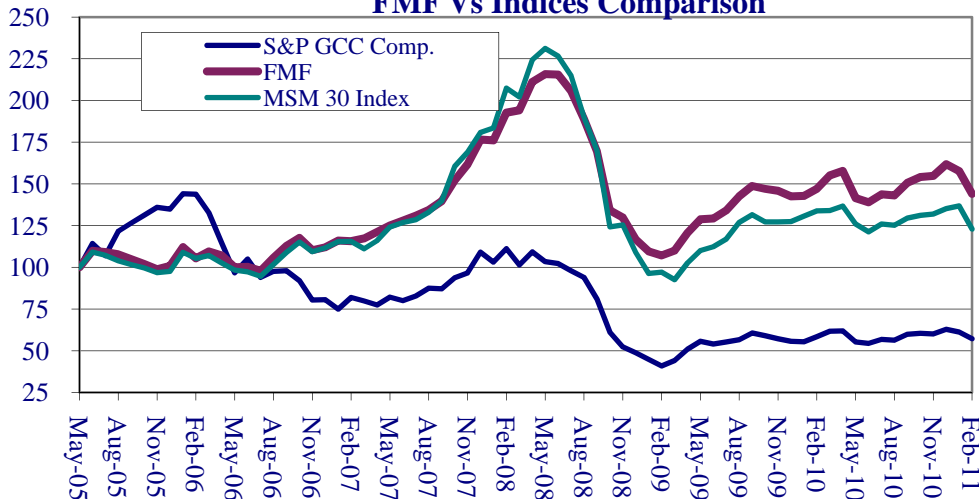


Geographical Allocation



Performance

FMF Vs Indices Comparison



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Investment Manager



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