



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

January 2011

164th 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 4.588 million
Units outstanding	4,253,471
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 1.079

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	-2.58%	-2.63%	1.24%
1 Year	10.41%	10.48%	4.69%
3 year	-10.48%	-40.65%	-25.44%
5 year	40.63%	-57.54%	25.56%
Since inception	206.02%	na	81.21%

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%												-2.58%

Market Review and Outlook

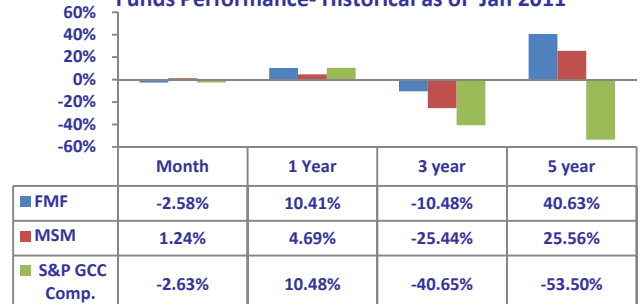
Year 2011 started off with positive note among regional markets after which S&P GCC Composite Index gained near to 2.25% during mid January. However, turmoil in Egypt by the end of the month turned hit the overall sentiments in financial markets. S&P GCC Composite Index drifted sharply down to close the month with a loss of 2.63%. Among regional markets except for Oman, Bahrain and Qatar all others in the region lost most of the gains recorded during early part of the month. UAE witnessed steep correction with DFM losing 5.90% and ADX losing 4.89%. Saudi corrected by 3.97% during the month.

For Egypt, the impact of a perhaps extended period of civil unrest will undeniably bear down on its economy. We expect regional companies having direct Egypt exposure, like banking and Industry sector with local operations will have to take the brunt of recent developments, if any. At the same time, regional economies could see liquidity improvement with money outflow from Egypt. Regional equity markets, to an extent have already built in the sentiments arising from this issue. However, foreign money flow into the region will be impaired as risk appetite would be low for some time. This we expect to be temporary in nature, while fundamentals for the region remain healthy as crude prices remain near to \$90 per bbl and spending plan of the local Governments is intact.

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 Jan 2011



Fund Review for the 164th Month

The NAV was RO 1.079 as at the end of Jan' 11 and is down by 2.58% on YTD basis as against the S&P GCC Composite Index loss of 2.63% and MSM30 Index gain of 1.24%. The average NAV during the month was RO 1.122. A total of 78,871 units were subscribed and 26,752 units got redeemed during the month. The total number of units now stands at 4,253,471. The net asset value now stands at RO 4,588,399 from the month's opening value of RO 4,667,764.

TOP 5 Holdings

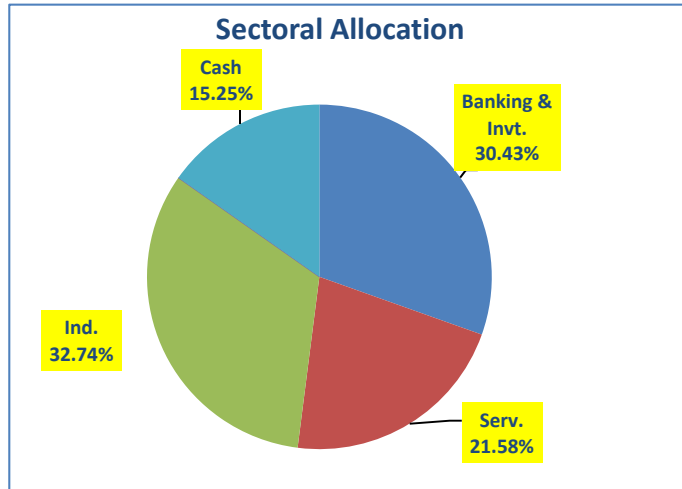
	%
Saudi Basic Ind. corp	8.82
Renaissance Services	6.59
Bank Muscat	5.23
National Bank of Oman	4.31
Industries Qatar	3.42

Past Five years

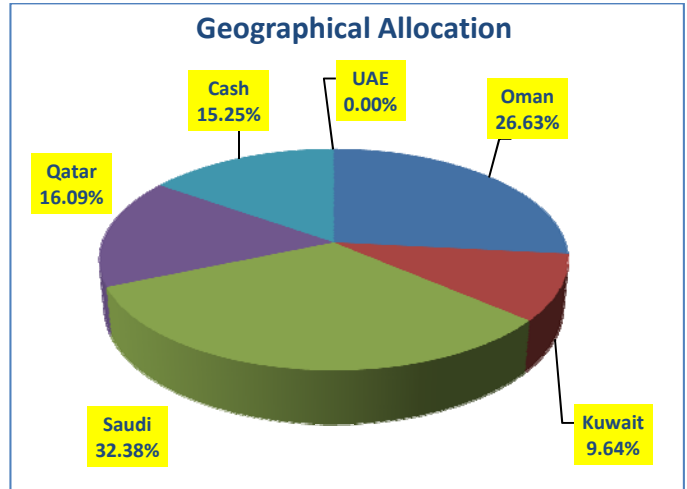
	FMF	MSM	FMF	S&P GCC Comp.
Average Monthly Return	0.74%	0.62%	0.74%	-1.11%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-24.7%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	7.1%	4.7%	7.1%	-15.7%
Annualized Volatility	19.8%	23.4%	19.8%	26.7%
% of winning months (against benchmark)	49.2%	na	67.8%	na
% of gained months	62.7%	67.8%	62.7%	44.1%
YTD	-2.58%	1.24%	-2.58%	-2.63%
Beta	0.77	na	0.53	na
Sharpe (RF 4.5%)	0.13	0.01	0.13	(0.76)
Information ratio	0.12	na	1.15	na
Alpha	2.4%	na	13.4%	na

Asset Allocations:

Sectoral Allocation

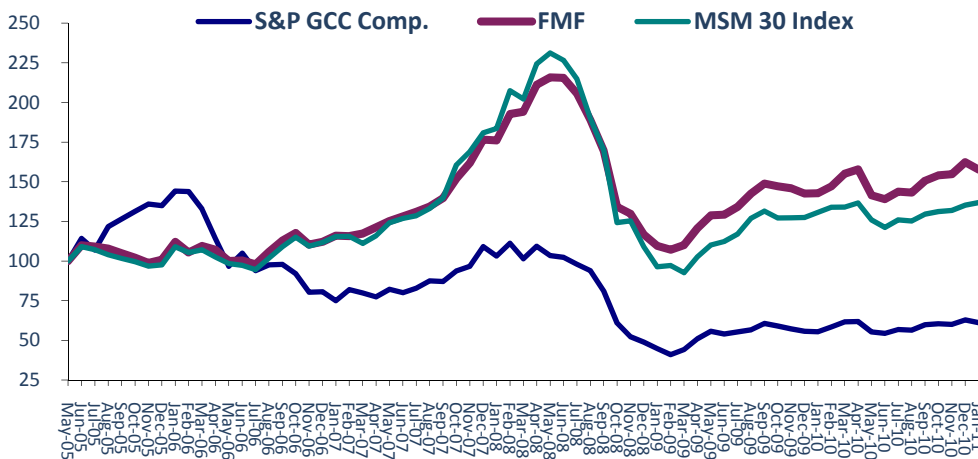


Geographical Allocation



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

Ms. Shaimaa Al Habsi
Executive–Marketing
Tel: +968 24790 614 Ext – 539
Email: Shaimaa@gbcmoman.net

Disclaimer: This document has been prepared and issued for informational and illustration purpose only on the basis of publicly available information, internally developed data and other sources believed to be reliable. While all care has been taken to ensure that the facts stated are accurate and the opinions given are reasonable, neither Gulf Baader Capital Markets S.A.O.C nor any employee shall be in anyway responsible for the contents of this report. Past performance of the Fund as illustrated herein is not a guarantee of future returns. This is not an offer to buy or sell the investments referred therein.

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