



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

July 2010
158th 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 4.135 million
Units outstanding	4,202,820
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 0.984

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	MSCI (GCC)	MSM 30 Index
For the month	3.44%	3.85%	3.90%
YTD	0.86%	2.47%	-1.17%
1 year	7.17%	3.58%	7.67%
3 year	9.74%	-33.00%	-2.06%
5 year	31.76%	-49.09%	17.55%
Since inception	179.08%	na	66.79%

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%						0.86%

Market Review and Outlook

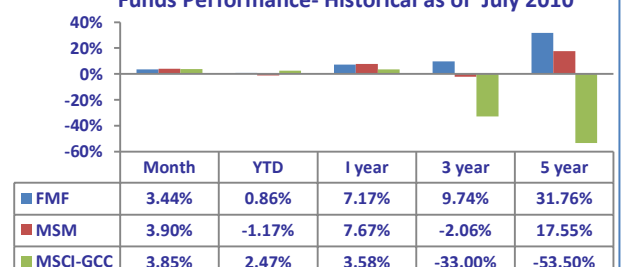
First half earning announcements during the month of July supported recovery among global equities. This along with the release of the EU banking stress tests has removed uncertainties to an extent for the global banking sector. Recovery in global risk appetite which led to sharp sell-off during previous months along with strengthening crude price augmented gains among regional equity markets. MSCI GCC Index registered monthly gain of 3.85% lifting year to date basis return to 2.47%. During the month, Dubai World held its meeting with creditors to formally present the proposed restructuring plan. However, the markets had no reaction, as lack of indications of firm agreement emerged out of the meeting.

Interpretations from first half earnings shows bank credit and deposit growth remained anemic during the period. Despite high liquidity levels, credit growth remained sluggish largely due to risk aversion. The provisioning scenario is stabilising on selective basis, barring the big ticket restructurings that is already underway. We believe, strong fiscal spending to remain as a major driver for a pickup in credit cycle moving forward along with pick up in private sector project spending. We continue to maintain our positive outlook on Saudi, Qatar and Oman equities, while prefer to remain selective on UAE and Kuwait.

Dividend

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

Funds Performance- Historical as of July 2010



Fund Review for the 158th Month

The NAV was RO 0.984 at the end of July' 10 and is up 0.86% on YTD basis as against the MSCI (GCC) gain of 2.47% and MSM30 Index loss of -1.17%. The average NAV during the month was RO 0.966. A total of 922 units were redeemed and there were no subscription during the month. The total number of units now stands at 4,202,820. The net asset value now stands at RO 4,134,611 from the month's opening value of RO 3,998,032.

TOP 5 Holdings

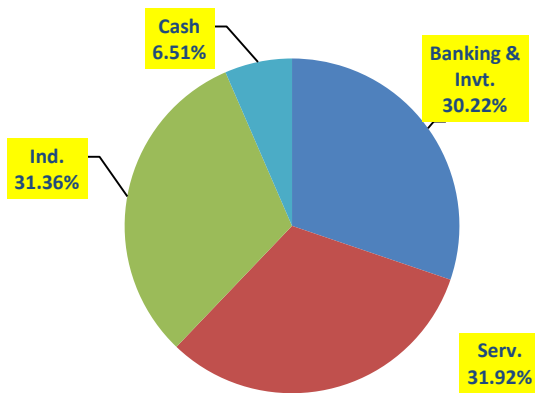
	%
Saudi Basic Ind. corp	9.60
National Bank of Oman	5.60
Bank Muscat	5.22
Al Rajhi Bank	4.90
Renaissance Services	4.70

Past Five years

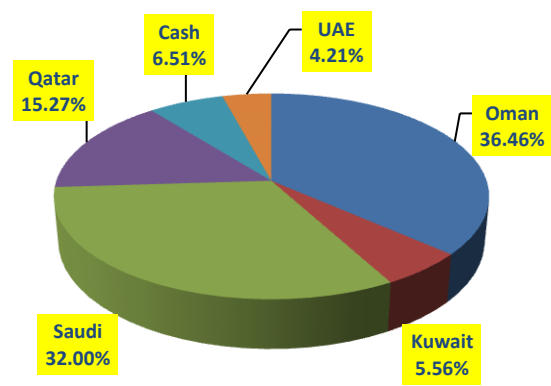
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	0.64%	0.52%	0.64%	-0.76%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-21.9%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	5.7%	3.3%	5.7%	-12.6%
Annualized Volatility	20.3%	24.0%	20.3%	29.2%
% of winning months (against benchmark)	45.8%	na	66.1%	na
% of gained months	59.3%	62.7%	59.3%	50.8%
YTD	0.86%	-1.17%	0.86%	2.47%
Beta	0.78	na	0.44	na
Sharpe (RF 4.5%)	0.06	(0.05)	0.06	(0.59)
Information ratio	0.12	na	0.90	na
Alpha	2.1%	na	8.7%	na

Asset Allocations:

Sectoral Allocation

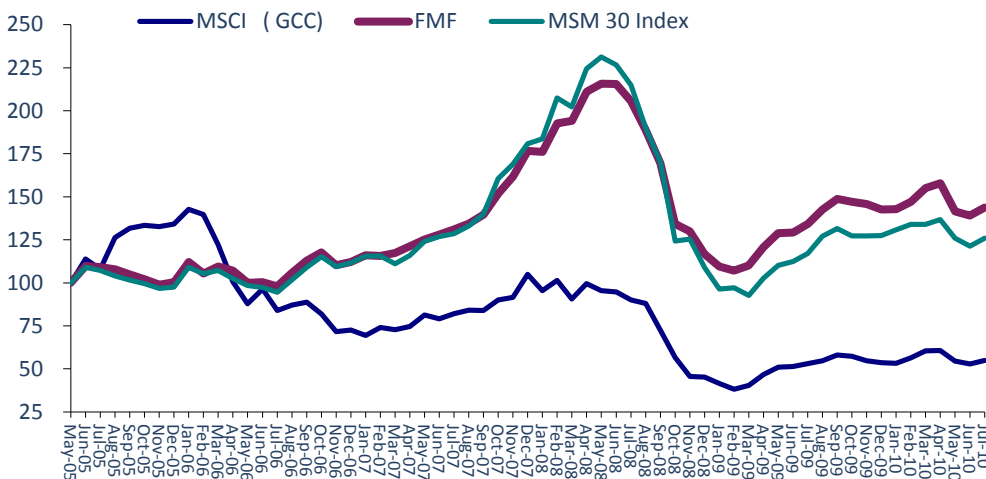


Geographical Allocation



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. Khalid Al Khatib
Asst. Manager-Asset Management
Tel: +968 24790 614 Ext – 539
Gsm: +968 99525218
Email: Khalid.ALKhatib@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