



The First Mazoon Fund

The First Mazoon Fund JIA

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May 2010
156th 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 4.059 million
Units outstanding	4,193,580
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 0.968

FMF –Winner of Lipper Fund Award – 5 Year GCC Equity

FMF –2nd Best Performer in 2009 among GCC Conventional Funds
(Source: Markaz)

FMF –Best Performer for 2009 in Oman among GCC Funds

FMF –Best Performer among 3 & 5 year category among GCC Funds
(Source: zawya)

Performance			
	FMF	MSCI (GCC)	MSM 30 Index
For the month	-10.37%	-10.29%	-7.85%
YTD	-0.77%	1.60%	-1.17%
1 year	9.84%	6.98%	14.44%
3 year	13.01%	-33.00%	1.48%
5 year	41.46%	-45.50%	25.97%
Since inception	174.60%	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%								-0.77%

Market Review and Outlook

During the month of May, global equity markets were gripped by fears on sovereign debt crisis affecting the eurozone nations along with worries on economic downturn in Europe stoked by fiscal measures and likely slow down in china. This along with correction in crude prices during the month, led to 10.3% fall in MSCI GCC. All regional equity markets lost the gains registered during the year. With over 10% corrections in Saudi and Qatar, the YTD performance has ended almost flat in Saudi and -2.5% in Qatar. UAE's DFM general Index that lost 9.2% during the month ended as underperformer among regional markets with YTD return of -12.4%. Kuwait corrected by 8.22% while, Oman lost 7.85% during the month leading to YTD return of -4.4% and -1.2% respectively.

In the short term, the high risk profile of the global equity markets are likely to continue due to event risks related to Euroland issues, thereby keeping regional equity markets volatile. We expect a shift towards growth focus could be an indicator for sentiment improvement, with buildup of second quarter earnings expectations by end of the month. We are positive on Saudi, Qatar and Oman equities, which are driven by healthy fundamentals and improving corporate sector performance. Strong cash flows and visible earnings growth provides strong argument for a value buying opportunity in this market correction.

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 May 2010

	Month	YTD	1 year	3 year	5 year
■ FMF	-10.37%	-0.77%	9.84%	13.01%	41.46%
■ MSM	-7.85%	-1.17%	14.44%	1.48%	25.97%
■ MSCI-GCC	-10.29%	1.60%	6.98%	-33.00%	

Fund Review for the 156th Month

The NAV was RO 0.968 at the end of May' 10 and is down - 0.77% on YTD basis as against the MSCI (GCC) return of 1.60% and MSM30 Index loss of 1.17%. The average NAV during the month was RO 1.022. A total of 333 units were redeemed and there were no subscription during the month. The total number of units now stands at 4,193,580. The net asset value now stands at RO 4,193,580 from the month's opening value of RO 4,528,705.

TOP 5 Holdings

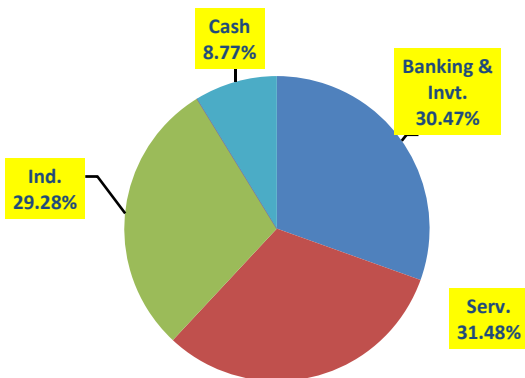
	%
Bank Muscat	8.46
Oman Cement	6.24
National Bank of Oman	5.83
Saudi Basic Ind. corp	4.47
Oman Telecom.	4.43

Past Three years

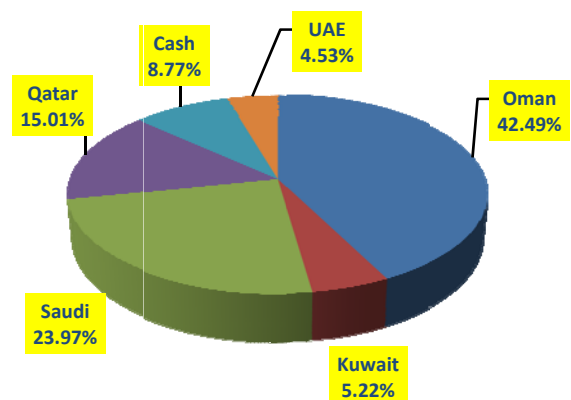
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	0.57%	0.39%	0.57%	-0.74%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-21.9%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	4.2%	0.5%	4.2%	-12.5%
Annualized Volatility	23.1%	28.3%	23.1%	29.5%
% of winning months (against benchmark)	48.6%	na	68.6%	na
% of gained months	62.9%	71.4%	62.9%	48.6%
YTD	-0.75%	-1.17%	-0.75%	1.60%
Beta	0.75	na	0.61	na
Sharpe (RF 4.5%)	(0.01)	(0.14)	(0.01)	(0.58)
Information ratio	0.16	na	0.72	na
Alpha	2.7%	na	10.0%	na

Asset Allocations:

Sectoral Allocation

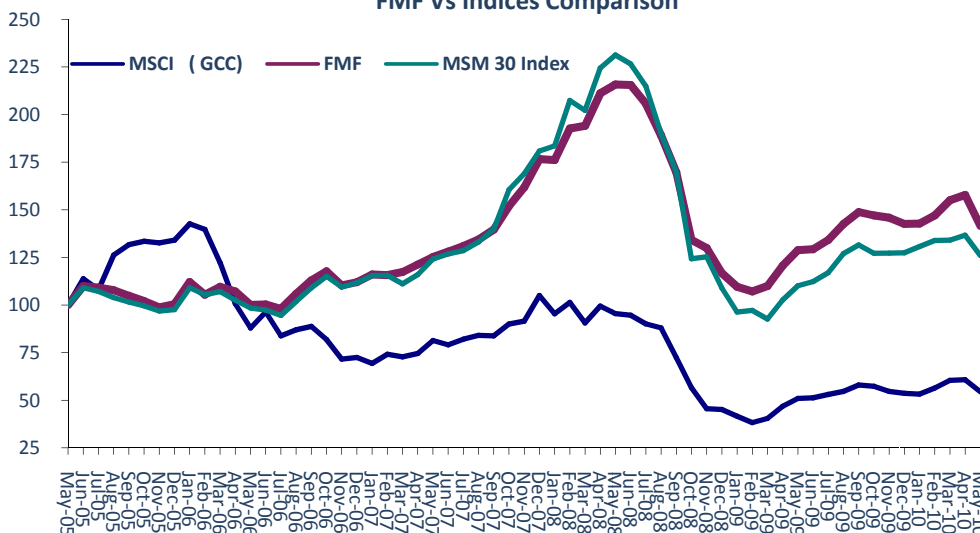


Geographical Allocation



Performance

FMF Vs Indices Comparison



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Investment Manager



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