



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

Oct 2010
161st 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 4.431 million |
| Units outstanding | 4,201,432 |
| 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 1.055 |

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 | 2.30% | 0.99% | 1.24% |
| YTD | 8.12% | 8.53% | 2.90% |
| 1 year | 4.79% | 2.42% | 3.12% |
| 3 year | 1.39% | -35.51% | -18.30% |
| 5 year | 50.98% | -53.95% | 31.73% |
| Since inception | 199.15% | na | 73.65% |

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% | | | 8.12% |

Market Review and Outlook

Healthy gain among global equity markets and clarity on third quarter earnings among regional corporate have kept regional markets stable during the month of October 2010. Dubai continued its recovery, by posting monthly gain of 4.8%, after it has reached settlement on its debt issues. After this, the benchmark DFM General Index managed to close -2.16% on year to date basis. Abu Dhabi's general index posted gain of 5.3% during the month. Oman, Kuwait, Qatar and Bahrain posted over 1% gain during the month. Profit booking among Saudi stocks resulted took the benchmark TASI -0.6% lower on month on month basis. After this, S&P GCC Composite Index ended with modest gain of 0.99% during the month of October 2010.

Recently IMF has urged higher fiscal spending in the region for 2011 as recovering crude prices will be easing the pressure on post-crisis financial stimulus. It noted that fiscal balances are expected to improve with the recovery in oil prices and non-oil activities. We believe the strategy of regional economies to be in line towards this recommendation. Stable oil price is expected to bolster fiscal thrust towards Infrastructure spending and revival of domestic demand in the near term. For the markets, near term is likely to be driven by global market volatility. For the longer term, improving macro factors and sound fundamentals of corporate sector is expected to attract value investors. We continue to maintain our positive outlook on Saudi and Qatar equities, while remain selective on UAE, Oman 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 Oct 2010



Fund Review for the 161st Month

The NAV was RO 1.055 at the end of Oct 10 and is up 8.12% on YTD basis as against the S&P GCC Composite Index gain of 8.53% and MSM30 Index gain of 2.90%. The average NAV during the month was RO 1.055. A total of 1,007 units were redeemed and there were no subscription during the month. The total number of units now stands at 4,201,432. The net asset value now stands at RO 4,430,558 from the month's opening value of RO 4,332,008.

TOP 5 Holdings

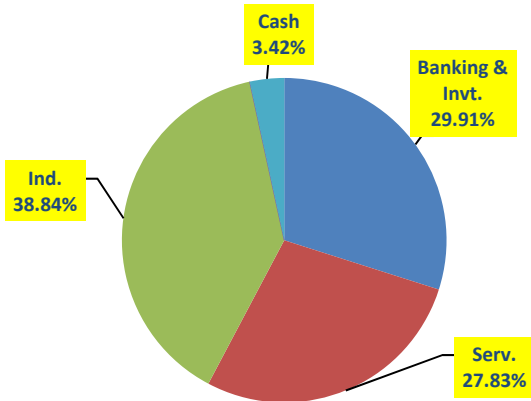
| | % |
|-----------------------|-------|
| Saudi Basic Ind. corp | 10.07 |
| National Bank of Oman | 5.87 |
| Renaissance Services | 5.07 |
| Al Rajhi Bank | 4.43 |
| Industries Qatar | 4.13 |

Past Five years

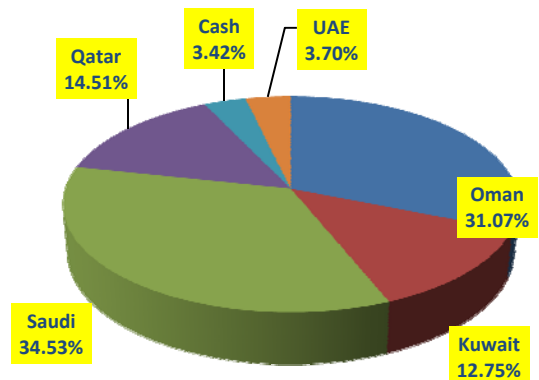
| | FMF | MSM | FMF | S&P GCC Comp. |
|---|--------|--------|--------|---------------|
| Average Monthly Return | 0.86% | 0.71% | 0.86% | -0.97% |
| Monthly Maximum loss | -20.9% | -26.9% | -20.9% | -24.7% |
| Month of Maximum loss | Oct-08 | Oct-08 | Oct-08 | Oct-08 |
| Annualized Return | 8.6% | 5.7% | 8.6% | -14.4% |
| Annualized Volatility | 20.3% | 23.9% | 20.3% | 26.9% |
| % of winning months (against benchmark) | 49.2% | na | 67.8% | na |
| % of gained months | 62.7% | 66.1% | 62.7% | 45.8% |
| YTD | 8.12% | 2.90% | 8.12% | 8.53% |
| Beta | 0.78 | na | 0.54 | na |
| Sharpe (RF 4.5%) | 0.20 | 0.05 | 0.20 | (0.70) |
| Information ratio | 0.14 | na | 1.13 | na |
| Alpha | 3.2% | na | 14.2% | na |

Asset Allocations:

Sectoral Allocation

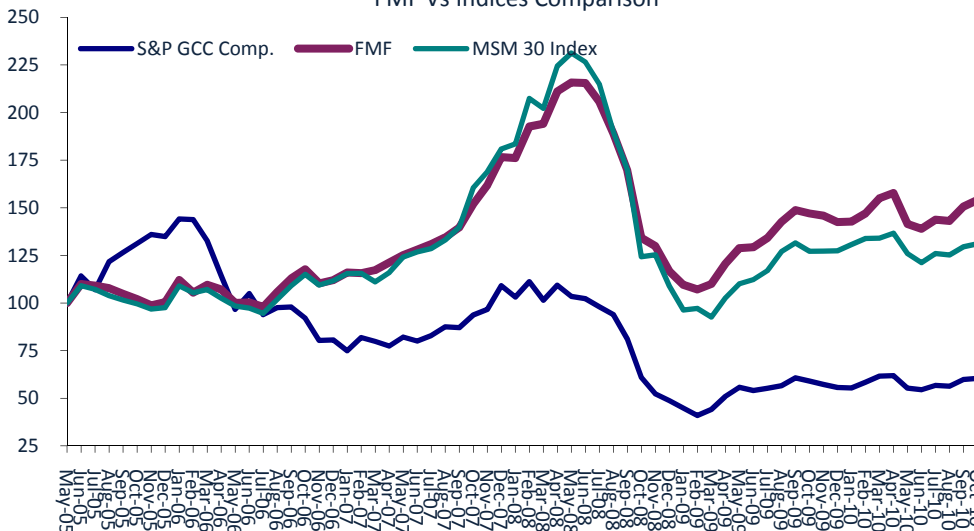


Geographical Allocation



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

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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