



The First Mazoon Fund

The First Mazoon Fund JIA

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October 2008
137th 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 MSM, GCC Markets and Mena region.

Performance			
	FMF	MSCI (GCC)	MSM 30 Index
For the month	-20.91%	-21.89%	-26.89%
YTD	-24.04%	-46.10%	-31.27%
1 year	-11.74%	-37.16%	-22.58%
3 year	31.43%	-57.61%	24.83%
5 year	211.83%	na	134.18%
Since inception	160.41%	na	64.55%

Dividend Paid

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

Fund Details

Manager	: Gulf Baader Capital Markets SAOC
Custodian	: HSBC Bank Middle East, Oman
Launch Date	: June 10, 1997
Auditors	: Moore Stephens
Current Size	: RO 4.05 million
Units outstanding	: 3,678,233
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 1.101

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%	57.63%
2008	-0.28%	9.41%	0.73%	8.8%	2.18%	-0.11%	-4.6%	-8.12%	-10.25	-20.91%			-24.04%

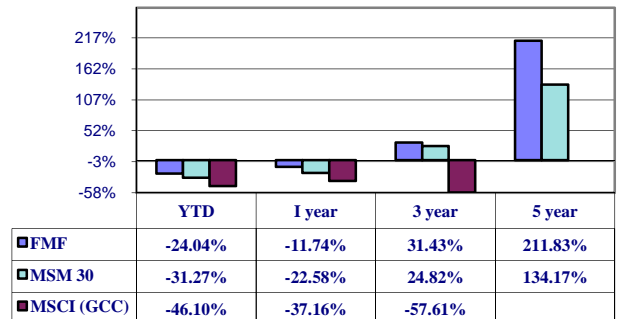
Market Review and Outlook

The crisis of confidence owing to sub-prime and subsequent de-leveraging resulted in the worst performance of the stock markets across the world and the region was not left alone. The beginning of the month witnessed the collapse of Iceland and subsequent pull out of funds by the international investors from all equity markets and investing in safe haven assets like Gold and US Treasury. This was highly visible with the foreign investors in the region. Markets across the region tumbled in double digits with UAE experiencing the maximum of 29% followed with Oman of 27%. The situation worsened with the pullout of dollar from the local system and international banks refusing to lend hand for the dollar exposure of debt for the local banks. This led to the scramble of local liquidity resulting in raising the local interest rates calling for deleveraging among the regional investors. Also the margin call money of the local investors too increased the need of Dollar swiping the local liquidity. The benchmark MSCI (GCC) declined by about 22%, the highest monthly loss since its inception. This brought the year to date return of MSCI (GCC) to -46%.

The regional markets situation looks precarious as the flight of liquidity surrounds the markets. There is a fundamental shift in the economy that is happening leaving investors clueless. Though we feel the fundamental performance of the companies would not be hit in the medium term the stock market performance is likely to remain volatile.

The coming month will see action from local regulators both central bank and the local stock market regulators in lifting the sentiment of the market. It would warrant pumping in as much liquidity into the system and reduce the reserve requirements.

Funds Performance- Historical as of October 31, 2008



TOP 5 Holdings

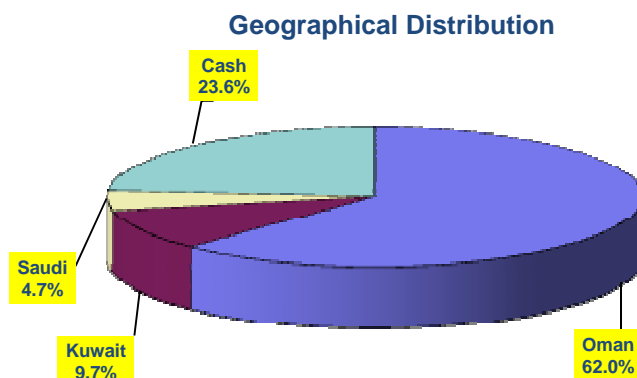
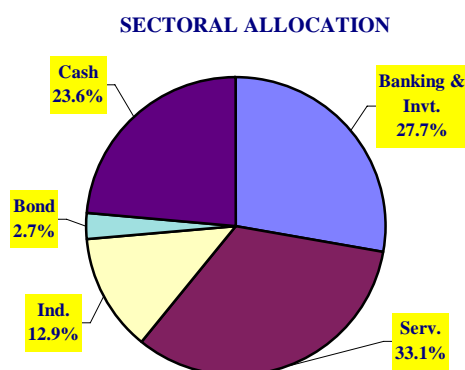
	%
Omantel	12.31
Bank Muscat	10.00
Shell Oman Marketing	7.03
National Bank of Kuwait	3.96
Sohar Power	3.84

Fund Review for the 137th Month

The NAV was RO 1.101 at the end of the month and was down 24.04% on YTD basis as against the MSM30 Index decline of 31.27% and regional markets represented by MSCI (GCC) return of -46.1%. The average NAV during the month was RO 1.211. A total 45,045 units were redeemed and 5,200 units were subscribed during this month. With this the total net subscription for the year now stands at 3,678,233 units". The net asset has now decreased to RO 4,051,311 from the beginning of the year to RO 5,177,357.

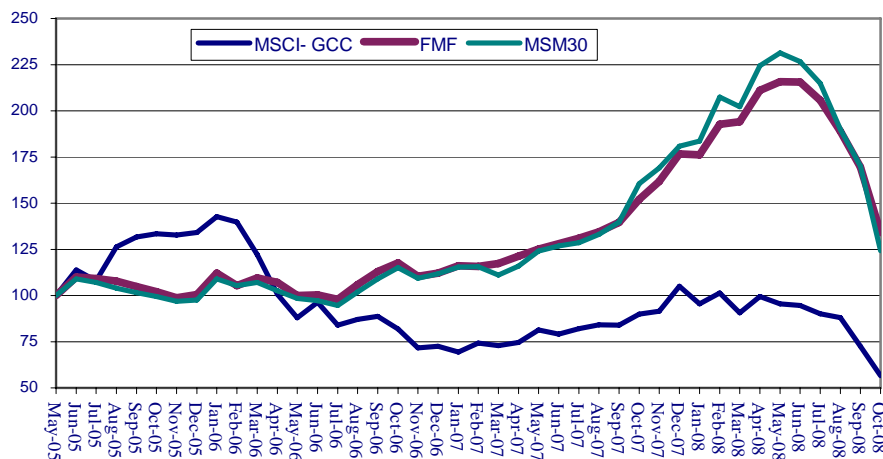
	Past Three years			
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	1.0%	0.9%	1.0%	-1.97%
Monthly Maximum loss	-20.9%	-26.9%	-20.9%	-21.9%
Month of Maximum loss	Oct-08	Oct-08	Oct-08	Oct-08
Annualized Return	9.5%	7.7%	9.5%	-24.9%
Annualized Volatility	22.4%	26.7%	22.4%	29.9%
% of winning months (against benchmark)	51.4%	na	80.0%	na
% of gained months	65.7%	62.9%	65.7%	45.7%
YTD	-24.0%	-31.3%	-24.0%	-46.5%
Beta	0.77	na	0.45	na
Sharpe (RF 5.5%)	0.18	0.08	0.18	(1.02)
Alpha	2.4%	na	17.7%	na

Asset Allocations:



Performance

FMF Vs Indices Comparison



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Investment Manager



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