



The First Mazoon Fund

The First Mazoon Fund JIA

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September 2008

136th 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	-10.25%	-17.70%	-10.54%
YTD	-3.96%	-31.51%	-6.00%
1 year	21.46%	-13.61%	21.57%
3 year	61.69%	-45.00%	67.34%
5 year	293.54%	na	229.80%
Since inception	229.24%	na	125.06%

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 5.17 million
Units outstanding	: 3,718,078
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 1.392

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				-3.96%

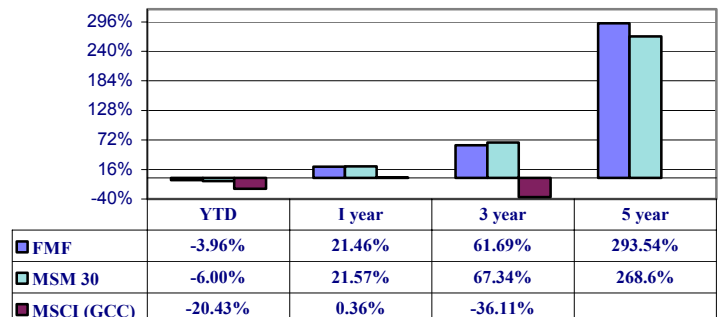
Market Review and Outlook

The markets across the region were affected by the global financial market turmoil including the collapse of the major banks like Lehman brothers and Merrill lynch. Saudi Arabia's TASI index continued to be the worst hit with a drop of about 15%. UAE's DFM, Kuwait, Qatar and MSM 30 Index followed with double digit declines. This prompted the benchmark MSCI (GCC) to decline by about 17.7%, the highest monthly loss since its inception. This brought the year to date return of MSCI (GCC) to -31.5%. Kuwait's KSE price index was the only one that remained in the positive zone for the current year.

All across the region the banking and infrastructure sector were primarily hit owing to the tight liquidity situation. Meanwhile the commodity prices too have softened leading to value erosion on the inventories in certain manufacturing companies. The central banks in the region joined the international central banks in cutting the repo rates and in some countries revision of CRR. This is likely to bring about liquidity in the system and possibly softening of the interest rates. The region with its macro economic fundamentals being strong both in terms of current account surplus and the reserve funds, are likely to see a faster recovery than the other regions in the world.

The impending third quarter results are likely to be mixed as the core earning companies and Banks are likely to keep up the momentum while the investment oriented companies are likely to be hit by the market situation. In the coming month the market volatility is likely to be higher as attractive valuations will play against the redemption driven selling from foreign funds.

Funds Performance- Historical as of September 30, 2008



TOP 5 Holdings

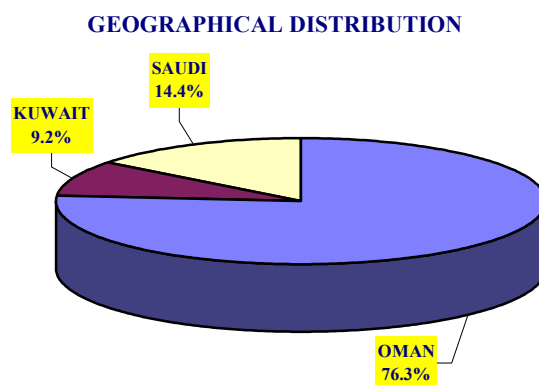
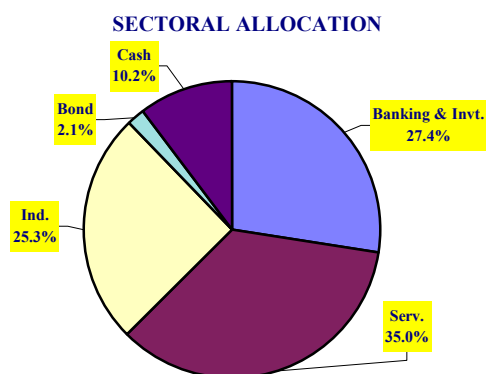
	%
Omantel	11.44
Bank Muscat	8.84
Shell Oman Marketing	6.37
Raysut Cement	6.05
Galfar Engg	5.57

Fund Review for the 136th Month

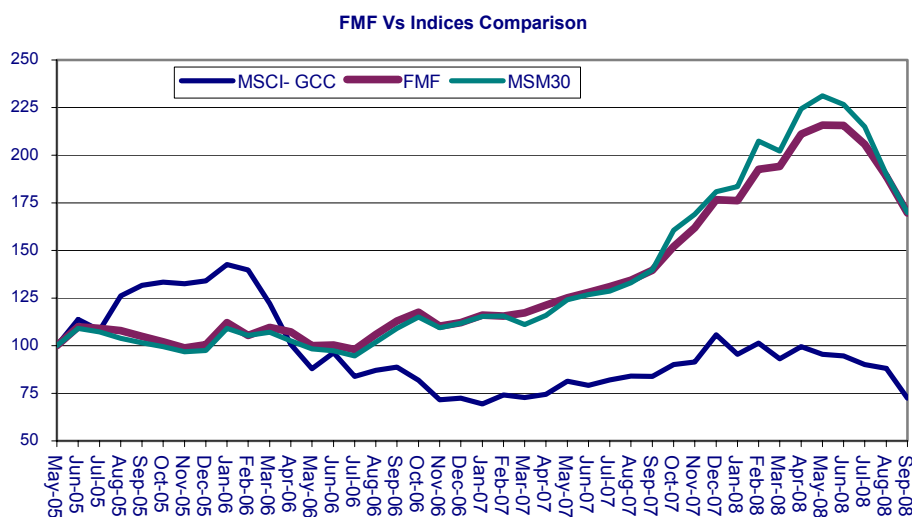
The NAV was RO 1.392 at the end of the month and was down 3.9% on YTD basis as against the MSM30 Index decline of 6.0% and regional markets represented by MSCI (GCC) return of -31.51%. The average NAV during the month was RO 1.423. A total 44,653 units were redeemed during this month. With this the total net subscription for the year now stands at 3,718,078 units". The net asset has now increased from RO 3,609,276 from the beginning of the year to RO 5,177,357.

	Past Three years			
	FMF	MSM	FMF	MSCI (GCC)
Average Monthly Return	1.5%	1.6%	1.5%	-1.33%
Monthly Maximum loss	-10.3%	-11.6%	-10.3%	-17.7%
Month of Maximum loss	Sep-08	Aug-08	Sep-08	Sep-08
Annualized Return	17.4%	18.7%	17.4%	-18.1%
Annualized Volatility	18.4%	21.1%	18.4%	27.5%
% of winning months (against benchmark)	48.6%	na	77.1%	na
% of gained months	65.7%	62.9%	65.7%	48.6%
YTD	-4.0%	-6.0%	-4.0%	-31.5%
Sharpe (RF 5.5%)	0.65	0.63	0.65	(0.86)
Alpha	1.8%	na	19.5%	na

Asset Allocations:



Performance



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Investment Manager



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