



Dear Investors,

We are pleased to present the results of the DCM funds for the month of August 2009 in our attached "Treasure Chest."

Dawood Islamic Fund (DIF) continues to be one of the most exciting and profitable Shariah Compliant Islamic Asset Allocation Fund in Pakistan. It is **4 Star** rated by PACRA which is the highest in its category and shows its superior performance related to its peers.

One of the value added service being provided to you as a unit holder of DIF is Takaful coverage for accidental death. This coverage is being provided by Dawood Family Takaful without any cost or obligation to you and DCM is paying all costs related to the coverage. We will encourage you benefit from this service by investing in Dawood Islamic Fund – *Halal Munafa!*

Dawood Money Market Fund (DMMF) is celebrating over 3 months of revitalization and resumption of full operations including accepting fresh investments and redemptions.

In addition to the above, DCM is also under negotiation for foreign collaboration for its funds with leading foreign AMCs. In August 2009, at the invitation of DCM, Barometer Capital Management Limited, a top performing asset management company based in Canada, visited Karachi to meet with the DCM team and conduct due diligence for potential joint funds.

DCM is still the most innovative AMC in the industry with its **DAWOOD SAVINGS FUNDS™** including **BABYFUND®** (children's trust fund), **LADIESFUND™** and **SHAADIFUND™** (Jehaz funds) to meet all investors' needs.

Please make full use of our "**CUSTOMER-CENTERED**" approach and don't hesitate to contact us at our two toll free numbers (**0800-CHILD & 0800-FUNDS**) or our UAN (**111-DAWOOD**).

It is our pleasure to serve you.

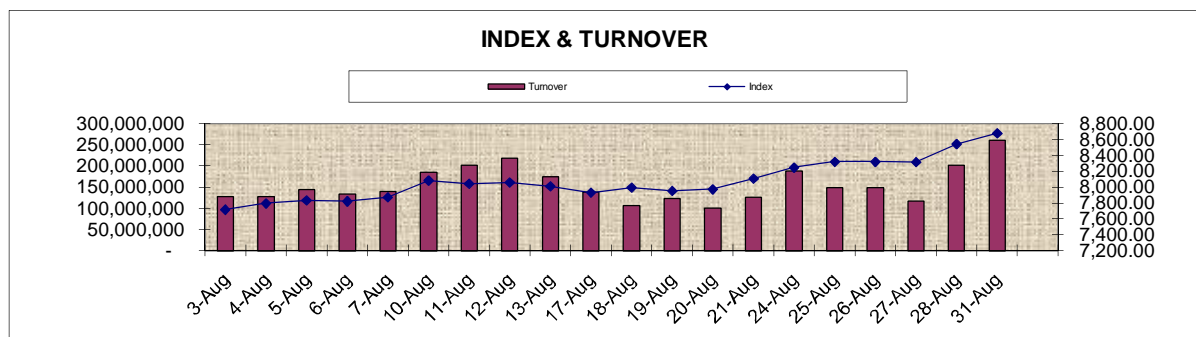
Regards,

**Dawood Capital Management Limited**



**Stock Market Review**

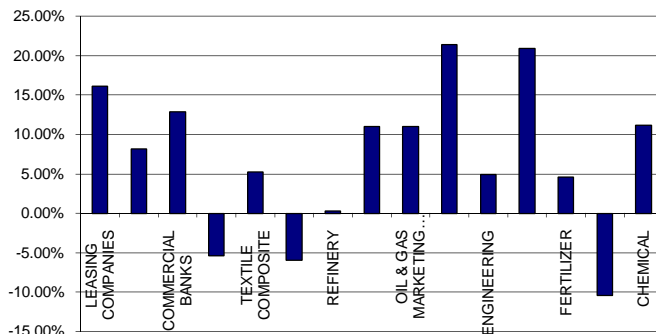
During the period of August, KSE-100 index posted a healthy return of 12.81%. That said, the index gained 989.30 points to reach it peak 8,710.23 points level during the months and finally closed at 8,675.67 points level at end of the August. The market capitalization also increased by 11.36% to PRs2.54tn as against PRs2.27tn previously. The investors were anxiously waiting for the IMF meeting that was related to the much needed dollar inflows and its stance on cut in policy rate. Surprisingly, the board of IMF approved the 3rd tranche as well as additional financial support for Pakistan. This triggered investment at KSE and the benchmark KSE-100 gained 209.8points in a single trading session. Later on 100bps cut in discount rate was announced in scheduled Monetary Policy. This did not result in any positive drive as the market participants were expecting a higher decline of 150-200bps. This coupled with increasing control of Pak army in the upper region has improved the law & order situation of the country to the greater extent. Therefore, the aggravated investment climate has improved considerably which also attracted foreign investment in the country. That said the Portfolio investments, as represented by Special Convertible Rupee Account (SCRA), showed net inflows of US\$95.34mn during the period. The aggregate inflows during FY10 in SCRA have reached to positive level of US\$107.4mn as on August 31, 2009.



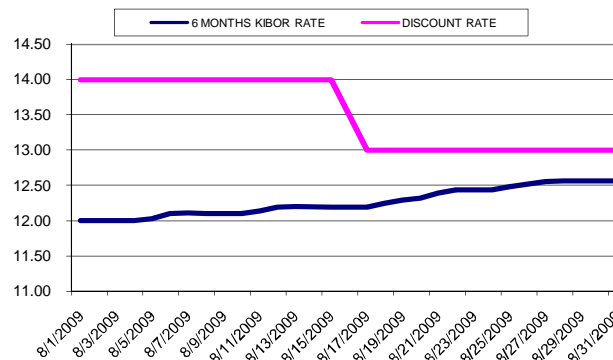
**Money Market Review**

Money market remained firm during the month of August owing to a relatively tighter liquidity situation in the market. During the month a much awaited Monetary Policy statement was announced and discount rate cut down by 100bps to 13%. Improvement in inflation figures led market anticipation to probably cut 150bps. A cut of only 1% had an adverse impact and lead to an immediate increase in yields. Furthermore liquidity shortage intensified the situation thereby bestowing heavy volatility in the market. In the two auction during the month, 1 year T-bill cut-off yield increased by 56.73 bps. Three month T-Bills were trading at 12.28% at the end of August, as against 11.80% of July. Similarly, 6-Months KIBOR closed the month of August at 12.56%, as against July closing of 11.99%. This depicts tighter money market liquidity situation. This resulted in slightly lower TFCs prices during the month. Realization of promised foreign inflows during the next few months remains one of the key deciding factors for money markets liquidity.

**SECTOR PERFORMANCE**



**6 MONTH KIBOR & DISCOUNT RATE**





**Investment Objective**

DIF is an Islamic Asset Allocation Fund, allowing investors an alternative to the traditional 100% equity exposure Islamic Funds. It is the intention of the fund manager to limit its exposure to the equity market to a maximum of 25% of the Net Assets of the fund, placing it in the moderate risk category.

Dawood Islamic Fund's (DIF) objective is to provide investors the opportunity to earn Riba-free Halal income through investment. The high portion of non equity investments provides the fund with stability, while equity portion serves as yield kicker for the fund. DIF shall be invested in the following asset classes; a) Equity including depository receipts such as GDRs & ADRs, b) Participation Term Certificates, c) Modaraba Certificates, d) Musharika, Murahaba, Sukuk and Term Finance Certificates, e) Sukuk Islamic Bonds and other types of Islamic bonds etc. And any other securities or instruments that may be permitted by the Commission and the Shariah Council.

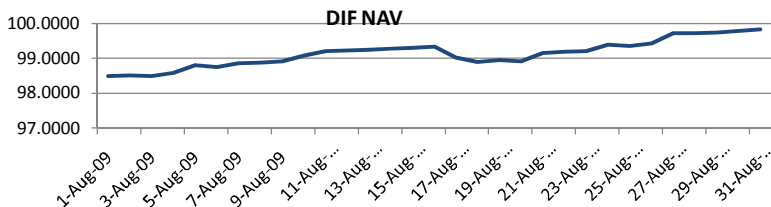
**Volatility Measures**

Average Return	0.05%
Standard Deviation	3.37%
Sharpe Ratio	-0.29

**KSE 100 Index Performance**

	Aug-09	Jul-09	Change in %
100 Index	8675.7	7720.93	12.37%
Mkt Capitalization(bil)	2536.92	2278.18	11.36%
Turnover(million)	260.42	140.37	85.52%

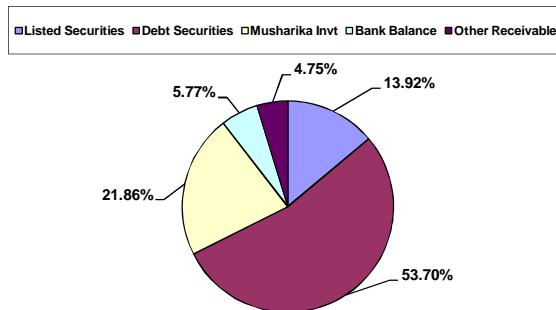
**DIF - NAV Performance**



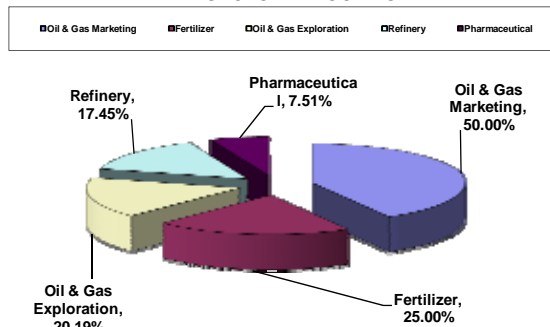
**Salient Feature**

Name of the Fund	Dawood Islamic Fund
Structure	Open-end Scheme
Industry Category	Shariah Compliant Islamic
Shariah Board	Professor Mufti Munib ur Rehman Mufti Syed Sabir Hussein
Net Assets - 31-Aug-2009	PKR. 385.81 million
NAV - 31-Aug-2009	99.8320
Major Sponsors	Dawood Islamic Bank Ltd.
Registered Address	1500-A Saima Trade Tower, I.I. Chundrigar Road, Karachi
Trustee and Custodian	Central Depository Co. of Pakistan
Registrar	Gangjees Registrar Services (Pvt.) Ltd
IPO Date	14 July, 2007
Legal Advisor	Bawaney & Partners
Listing	Karachi Stock Exchange
Duration	Perpetual
Governing Law	NBFC Rules, 2003 and Notified Entities Regulations 2008
Governing Body	Securities & Exchange Commission of Pakistan
Management	Fee 1.5% per annum
Minimum Initial Investment	Rs. 5,000/-

**ASSETS ALLOCATION**



**SECTOR ALLOCATION**



**Trailing Performance**

30 Days (1 Month)	90 Days (3 Months)	180 Days (6 Months)	* YTD	Since Inception
1.40%	10.78%	11.78%	3.00%	15.43%

\*Annualized Return

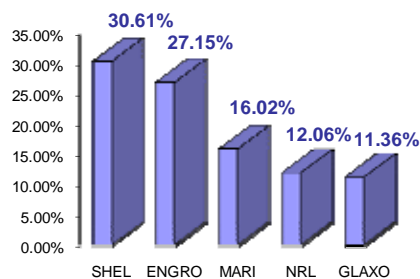
**Assets Allocation**

	Aug-09	Jul-09
Listed Securities	13.92%	9.95%
Debt Securities	53.70%	54.49%
Musharika Invt	21.86%	22.07%
Bank Balance	5.77%	9.27%
Other Receivables	4.75%	4.23%

**Top 5 Holdings**

Asset Mix	Aug-09
SHEL	30.61%
ENGRO	27.15%
MARI	16.02%
NRL	12.06%
GLAXO	11.36%

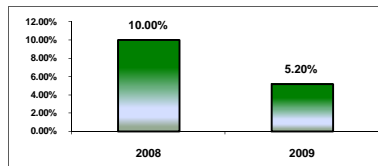
**TOP 5 HOLDING**



**Sector Allocation**

	Aug-09
Oil & Gas Marketing	50.00%
Fertilizer	25.00%
Oil & Gas Exploration	20.19%
Refinery	17.45%
Pharmaceutical	7.51%

**Payout History**



**FUND MANAGER COMMENTS:**

We have reallocated the asset structure and focus toward the equity take advantage of monetary policy rally. The return of the month is 1.40%, making an annualize return of 3.00% as compare to the performance of 12.81% KSE index.

**Monthly Performance History**

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2009-10	1.58%	1.40%											1.58%
2008-09	-1.32%	-0.19%	-0.79%	0.96%	-7.34%	-3.64%	2.85%	1.77%	-1.85%	1.26%	1.52%	7.71%	1.81%



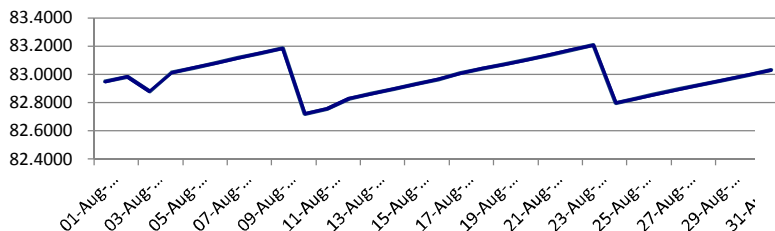
**Investment Objective**

The Dawood Money Market Fund's (DMMF) objective is to preserve the investor's capital while providing a return on capital greater than that offered by other investment avenues of similar risk profile. It represents an ideal investment avenue for investors seeking stable returns in the conservative and risk-averse manner. DMMF invests in a portfolio of money market investments including but not limited to: spread transactions, COTs, investment grade debt securities, Government bonds, repo and reverse repo transactions, asset backed securities issued by SPVs, investment grade COIs, investment grade COMs, and other deposits with banks and NBFIs, money market instruments and short maturity reverse repurchase transactions.

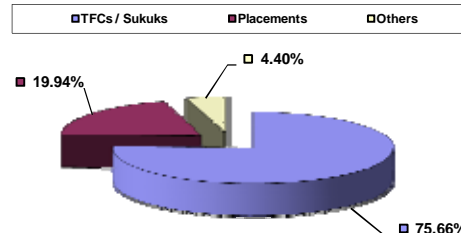
**Volatility Measures**

<b>Average Return</b>	-0.10%
<b>Standard Deviation</b>	5.16%
<b>Sharpe Ratio</b>	-0.22

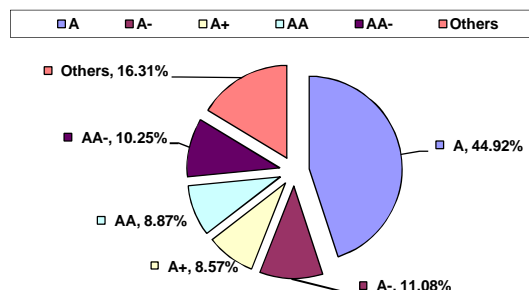
**DMMF - NAV Performance**



**ASSETS COMPOSITION**



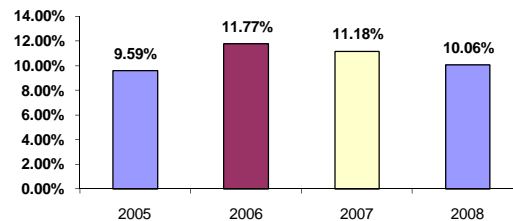
**DMMF Portfolio Credit Quality**



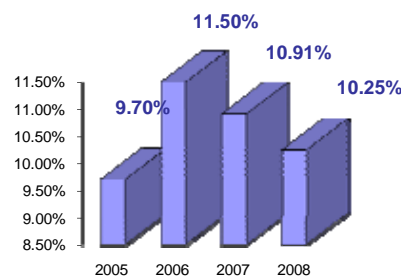
**Salient Feature**

Name of the Fund	Dawood Money Market Fund
Structure	Open-end Scheme
Industry Category	Fixed-Income
Net Assets - 31-Aug-2009	PKR. 870 million
NAV - 31-Aug-2009	83.0290
Registered Address	1500-A Saima Trade Tower, I.I. Chundrigar Road, Karachi
Trustee and Custodian	Bank-Al Habib
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
IPO Date	22-May-2003
Legal Advisor	Bawaney & Partners
Listing	Karachi Stock Exchange
Duration	Perpetual
Governing Law	NBFC Rules, 2003 and Notified Entities Regulations 2007
Governing Body	Securities & Exchange Commission of Pakistan
Management	Fee 1.00% per annum
Minimum Initial Investment	Rs. 5000/-
Distribution Policy	DMMF shell distribute not less than 90% received or derived from sources other than capital gains or reduced by such expenses as are chargeable or attributable to the fund under the governing rules.

**YEARLY PERFORMANCE**



**PAYOUT HISTORY**



**Trailing Performance**

30 Days (1 Month)	90 Days (3 Months)	180 Days (6 Months)	* YTD	Since Inception
1.65%	10.11%	2.26%	15.40%	4.64%

\*Annualized Return

**Interest Rates Scenario\***

KIBOR 3 months	12.52%
KIBOR 6 months	12.56%
Discount Rate	13.00%
6 months T-bills	12.44%
10 Years PIBs	12.36%
Inflation (CPI)	11.17%

Source: SBP's website & The Financial Daily

**Portfolio Composition (%)**

<b>Asset Mix</b>	<b>Aug-09</b>	<b>Jul-09</b>
TFCs / Sukuks	75.66%	70.22%
Placements	19.94%	24.22%
Others	4.40%	3.72%

**Yearly Performance**

<b>2005</b>	9.59%
<b>2006</b>	11.77%
<b>2007</b>	11.18%
<b>2008</b>	10.06%

**Payout History**

<b>2005</b>	9.70%
<b>2006</b>	11.50%
<b>2007</b>	10.91%
<b>2008</b>	10.25%

**Monthly Performance History**

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>2009-10</b>	31.01%	1.65%											31.01%
<b>2008-09</b>	10.08%	10.67%	12.70%	9.62%	-98.66%	-84.37%	469.94%	432.44%	-53.48%	50.08%	25.00%	-0.06%	-19.33%

**FUND MANAGER COMMENTS:**

During the month of August, DMMF earned return of 1.65%. This is because TFCs traded at lower prices on the back of tighter market liquidity. However, if we analyze the return of your Fund in the first eight months of the calendar year so far i.e. from Jan 2009 to Aug, 2009, your Fund has earned an annualized return of 15.40%. Therefore we believe that in funds like DMMF is the right time to make investment.

## Glossary

### **1 Standard Deviation:**

The standard deviation measures how much the returns of a portfolio move around the average return. The standard deviation grows as returns move further above or further below the average.

### **2 Sharp Ratio:**

It measures the portfolio excess return above the risk free rate per unit of risk.

### **3 Covariance**

The Covariance of a portfolio is the major index indicates the risk of the portfolio with respect to the index. The Covariance of the portfolio with any other index is computed by gathering the returns of the portfolio and the

### **4 Correlation**

Correlation is a statistical technique which can show whether and how strongly pairs of variables are related. For example, height and weight are related. The Correlation between the portfolio and the index.

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### **Registered Office**

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0800-FUNDS (38637) - 111-DAWOOD (329663)

### **Disclaimer:**

Investment in mutual funds are subject to market risk. Past performance is not indicative of future result. For understanding investment policy, risks and rewards read the offering document, consult your financial/legal advisor or call.