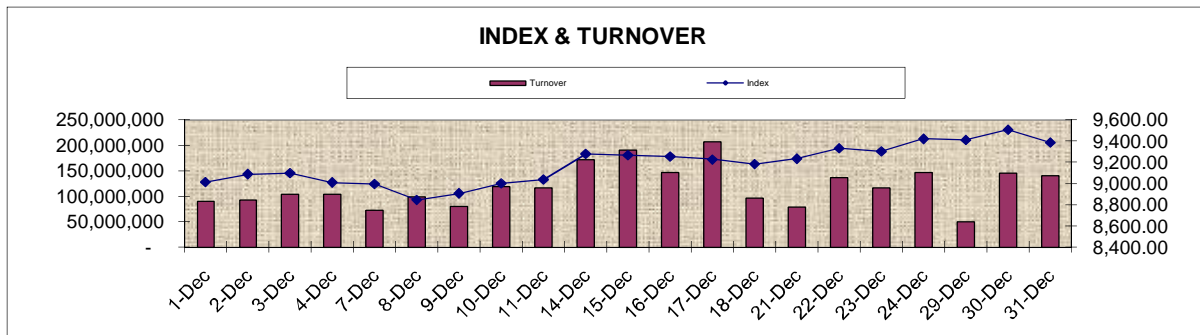




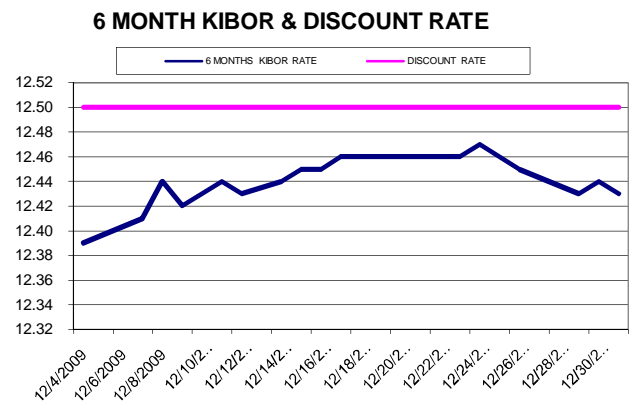
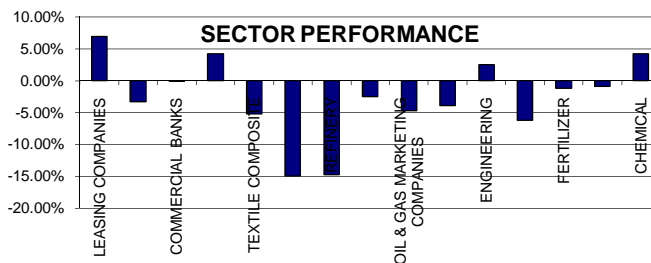
**Stock Market Review**

High volatility and uncertainty was prevailed in the market during the month of November, 2009. The benchmark KSE-100 index touched the highest level of 9,318.57 points . While in the later sessions, the rally reversed and index touched the low of 8,684.22 points. Index posted return of 7.31% during the period. It said, the index gained approx 634 points and finally settled at 9,206 points level at the end of the period. The market capitalization of the index also dropped by 3% to PRs2.65tn as against PRs2.72tn previously. The improved economic and political situation of the country remained the impetus for the upward momentum of stock market. Meanwhile, the controversy related with the Kerry Lugar bill along with worsening law & order situation in the country following the numerous attacks made by the militants kept the investors' confidence in doldrums. However, the renewed interest of foreign investors remained unharmed which supported the buying spree at KSE. That said the Portfolio investments, as represent by Special Convertible Rupee Account (SCRA) and Foreign Investor Portfolio investments (FIPI), showed encouraging figures with net inflows of US\$49.38mn during the month.



**Money Market Review**

The money market remained under pressure throughout the month of November due to tighter liquidity situation in the market, where overnight REPO rates hovered above 12.0%. Inflationary figure have posted a decline on YOY basis, and signs of economic recovery starting to emerge, we are look forward to a cut in discount rate. The improvement in the current account deficit and foreign reserves are being positively viewed by the market players. Foreign inflows from Friends of Pakistan and Kerry Lugar Bill are also expected to improve liquidity. With the encouraging support of international community towards Pakistan's efforts on war on terror, foreign inflows seem more likely, which will help improve liquidity in the system. 3 months & 6 months T-bill slightly decrease, whereas 1 year T-bill increases from 12.47% to 12.58%. Six months KIBOR traded in range b/w 12.56-12.88% during the month.



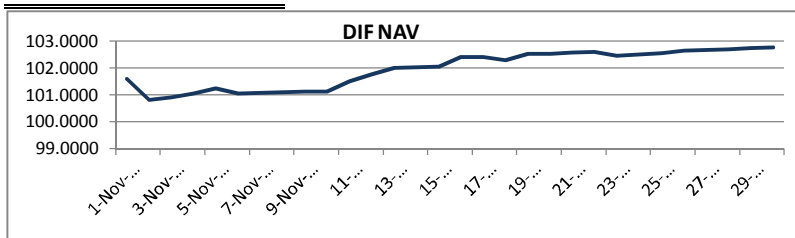


**Investment Objective**

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.

**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-Dec-2009	PKR. 369.05 million
NAV - 31-Dec-2009	102.0665
Major Sponsors	Dawood Islamic Bank Ltd.
Registered Address	1500-A Saima Trade Tower, II, 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/-

**Trailing Performance**

30 Days (1 Month)	90 Days (3 Months)	180 Days (6 Months)	* YTD	Since Inception
-0.67%	0.15%	5.31%	5.31%	17.67%

\*Annualized Return

**Assets Allocation**

	Dec-09	Nov-09
Listed Securities	13.00%	17.00%
Debt Securities	53.00%	54.00%
Musharika Invt	23.00%	23.00%
Bank Balance	5.00%	2.00%
Other Receivables	6.00%	4.00%

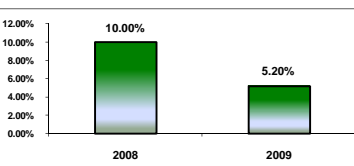
**Top 5 Holdings**

Asset Mix	Dec-09
SHEL	27.77%
FFC	27.69%
NRL	19.17%
GLAXO	11.88%
PPL	9.30%

**Sector Allocation**

	Dec-09
Oil & Gas Marketing	45.87%
Refinery	27.58%
Fertilizer	17.60%
Oil & Gas Exploration	13.59%
Pharmaceutical	8.94%

**Payout History**



**Monthly Performance History**

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2009-10	1.58%	1.40%	2.09%	-0.33%	1.15%	-0.67%	2.85%	1.77%	-1.85%	1.26%	1.52%	7.71%	5.31%
2008-09	-1.32%	-0.19%	-0.79%	0.96%	-7.34%	-3.64%							1.81%

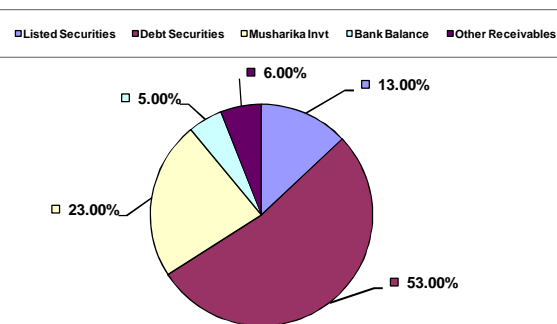
**Volatility Measures**

Average Return	0.12%
Standard Deviation	3.21%
Sharpe Ratio	-0.28

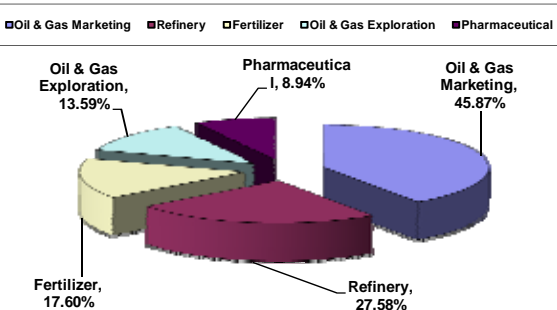
**KSE 100 Index Performance**

	Dec-09	Nov-09	Change in %
100 Index	9386.9	9206.21	1.96%
Mkt Capitalization(bl)	2706.00	2658.29	1.79%
Turnover(million)	140.22	84.66	65.63%

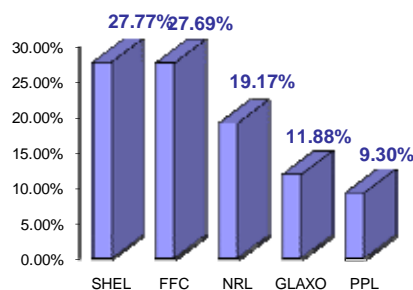
**ASSETS ALLOCATION**



**SECTOR ALLOCATION**



**TOP 5 HOLDING**



**FUND MANAGER COMMENTS:**

During the month of December 2009, Net Asset Value (NAV) of Dawood Islamic Fund (DIF) decreased by 0.70% due to markup provisioning of Maple leaf cement and making YTD return of 5.31%, as compare to the performance of KSE 100 index is 10.45%.



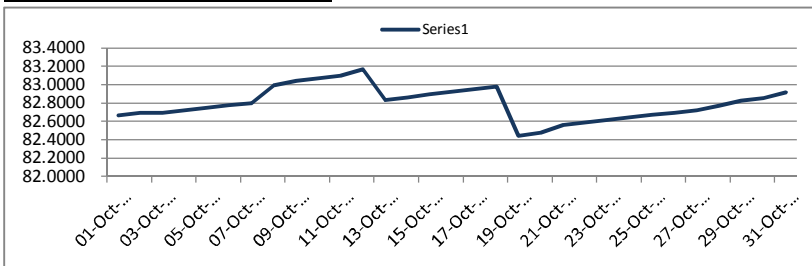
**Investment Objective**

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.

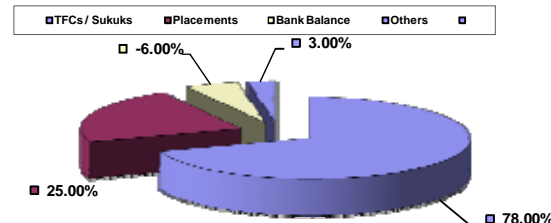
**Volatility Measures**

<b>Average Return</b>	-1.33%
<b>Standard Deviation</b>	12.25%
<b>Sharpe Ratio</b>	-0.19

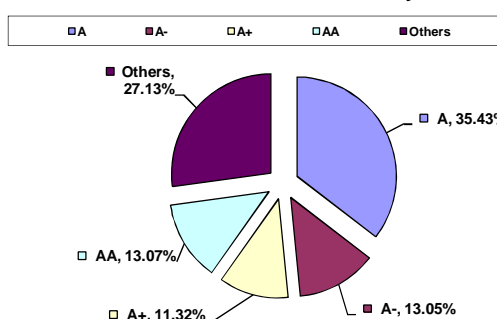
**DMMF - NAV Performance**



**ASSETS COMPOSITION**



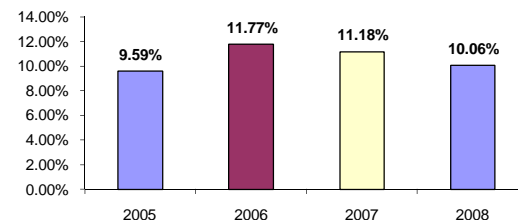
**DMMF Portfolio Credit Quality**



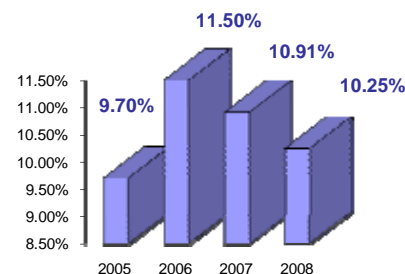
**Salient Feature**

Name of the Fund	Dawood Money Market Fund
Structure	Open-end Scheme
Industry Category	Fixed-Income
Net Assets - 31-Dec-2009	PKR. 541.47 million
NAV - 31-Dec-2009	82.0769
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
-22.28%	-2.67%	2.57%	2.57%	4.29%

\*Annualized Return

**Interest Rates Scenario\***

KIBOR 3 months	12.35%
KIBOR 6 months	12.43%
Discount Rate	12.50%
6 months T-bills	12.10%
10 Years PIBs	12.55%
Inflation (CPI)	10.26%

Source: SBP's website & The Financial Daily

**Portfolio Composition (%)**

Asset Mix	Dec-09	Nov-09
TFCs / Sukuks	78.00%	68.93%
Placements	25.00%	25.09%
Bank Balance	-6.00%	2.70%
Others	3.00%	3.27%

**FUND MANAGER COMMENTS:**

During the month of December, DMMF had negative return of 2.67% as compared to 14.25% last month. This is due to markup provisioning of Kohat cement ltd because DMMF is in the process of restructuring the portfolio to strengthen your fund; we are reducing the TFC's portfolio, to reduce the risk and diversified your fund. Your Fund has earned YTD return of 2.57%.

**Yearly Performance**

2005	9.59%
2006	11.77%
2007	11.18%
2008	10.06%

**Payout History**

2005	9.70%
2006	11.50%
2007	10.91%
2008	10.25%

**Monthly Performance History**

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
2009-10	31.01%	1.65%	-5.56%	4.36%	14.25%	-2.67%							2.57%
2008-09	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%

## INVESTMENT COMMITTEE MEMBERS INFORMATION

---

---

Name : **Mr. Muhammad Saleem Munshi**  
Designation : **Chief Investment Officer/Chief Financial Officer.**  
Qualification : Masters of Business administration (Finance).  
Experience : He is one of the founder member of first perpetual Modaraba of Pakistan i.e. B.R.R. Guardian Modaraba (BRRGM) and has been associated with the Modaraba from 1983 till 2008 which covers 25 years experience. He specializes in Islamic mode of financing i.e. Ijara, Musharaka, Morabaha and other related transactions. His core responsibilities include Financial Management & Reporting, Taxation, Finalization of Accounts and Budgeting etc

Name : **Mr. Muhammad Ahmed**  
Designation : **Fund Manager - Equity**  
Qualification : B-Com  
Experience : Mr. Ahmed has over 15 years of experience with the financial markets. He is responsible for managing the equity portfolio. His expertise includes hedging/arbitrage of shares, continuous funding system.

Name : **Mr. Khalid Mahmood**  
Name of Fund : **Fund Manager - Fixed Income**  
Qualification : He is a Masters of Business administration (MBA) and Masters of Economics & Finance (MEF) from Karachi University. He is also enrolled for Chartered Financial Analyst (CFA) from CFA Institute, USA.  
Experience : Mr. Khalid has over 7 years experience in the financial markets. He has served with institutions such as National Bank of Pakistan, where he held the position of an Assistant Portfolio Manager (Equity), Technical & Investment Analyst in Atlas Asset Management.

Name : **Mr. Muhammad Aamir Siddiqui**  
Name of Fund : **Head of Compliance & Risk Management**  
Qualification : Mr. Muhammad Aamir Siddiqui is Chartered Accountant – Intermediate of Institute of Chartered Accountants of Pakistan. He has also completed his Bachelors of Commerce from Balochistan University.  
Experience : He has completed four years as audit trainee with M.Yousuf Adil Saleem and Co., Chartered Accountants, member firm of Deloitte Touché Tohmatsu in the Audit & Assurance department. His areas of expertise include Corporate Affairs, Non-Banking Financial Companies and Notified Entities, Code of Corporate Governance, Risk Management of Debt and Equity Portfolios.

## 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.

---

### **Registered Office**

---

**DAWOOD CAPITAL MANAGEMENT LIMITED**  
1500-A SAIMA TRADE TOWER,  
11 CHUNDRIGAR ROAD, KARACHI 74000  
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.