



# DAWOOD CAPITAL MANAGEMENT LIMITED

Fund Manager's Report - August 2010

## PAKISTAN ECONOMIC UPDATES

### Floods caused widespread damage:

Heavy floods in the Indus River resulting from monsoon rains have caused widespread damage to the economy. The scale of the devastation caused by the floods is staggering. Nearly 20mn people have been displaced, making this one of the worst natural disasters in history. Nearly 1.25mn houses have been completely destroyed, leaving most of the affected households without shelter. Losses to the economy are estimated at close to USD 4bn (2% of GDP). We now expect a significant slowdown in GDP growth in FY11 (ends June 2011) and lower our growth forecast to 2.5% from 4.5%; this would follow growth of 4.1% in FY10. We also now expect FY11 inflation to jump sharply to 15%, versus our earlier forecast of 12%, depending on the extent of the damage and the measures taken by the government to reconstruct and rebuild the affected areas. However, the details will be known only after the completion of a damage assessment report jointly initiated by the World Bank and the Asian Development Bank (ADB), due in October.

INVESTMENT COMMITTEE		CUTT-OFF TIMINGS OF FUNDS		
Muhammad Saleem Munshi	Chief Investment Officer			
Muhammad Ahmed	Fund Manager			
Mustansir Shabbar	Member			
Muhammad Aamir Siddiqui	Secretary			
		Business Day	Business Hours	Cut-Off Timings
		Monday - Thursday	9:00 AM - 5:30 PM	9:00 AM - 5:00 PM
		Friday	9:00 AM - 6:00 PM	9:00 AM - 5:00 PM
		Monday - Thursday	9:00 AM - 5:30 PM	9:00 AM - 12:00 PM
		Friday	9:00 AM - 6:00 PM	9:00 AM - 12:00 PM

## DAWOOD CAPITAL MANAGEMENT LIMITED

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### Disclaimer:

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.



# DAWOOD MONEY MARKET FUND

Fund Manager's Report - August 2010



## FUND STATISTICS

Name of Fund	Dawood Money Market Fund
Structure	Open End
Industry Category	Fixed Income
Benchmark	Avg. 6 Month KIBOR (Subject to SECP Approval)
Trustee & Custodian	Bank AL Habib
Auditor	M. Yousuf Adil Saleem & Co.
Registrar	Gangjees Registrar Services
Legal Advisor	Bawaney & Partners
Launch Date	19-May-2003
Listing	KSE
Duration	Perpetual
Management Fee	1.00% per annum
Sales Load	1% Front End
Pricing Mechanism	Forward
Leverage	Nil
Risk Profile	Medium
AMC Rating	AM4+
Stability Rating	Not Rated

## PERFORMANCE STATISTICS

Net Assets	PKR 385.99 Million
NAV	PKR 68.1356
Wt. Avg. Time To Maturity	3.06 Years
Standard Deviation	0.81%
Sharpe Ratio	1.25
Information Ratio	1.18
VAMI	1.04

Returns	Jul-10	Aug-10
DMMF	35.55%	18.70%
Benchmark	12.37%	12.82%
Alpha	23.18%	5.88%

## HISTORIC RETURNS

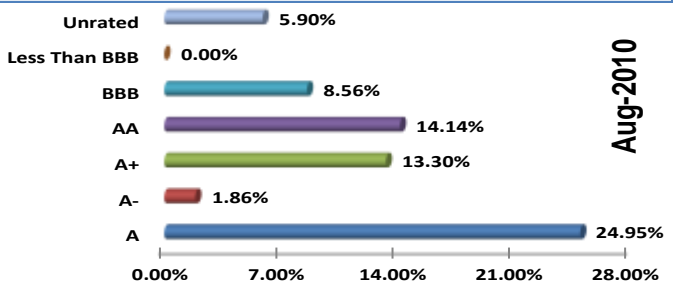
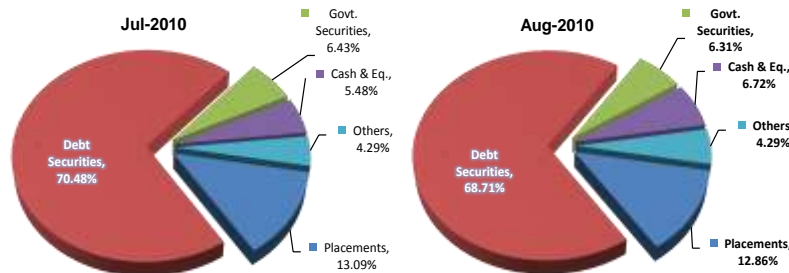
1 Month	3 Months	6 Months	YTD
18.70%	56.74%	15.97%	26.85%

## INVESTMENT OBJECTIVE

To preserve the investor's capital while providing a return greater than that offered by other investments of similar risk profile through investments in a portfolio of money market instruments.

Asset Mix	Jul-2010	Aug-2010
Placements	13.09%	12.86%
Debt Securities	70.48%	68.71%
Govt. Securities	6.43%	6.31%
Cash & Eq.	5.48%	6.72%
Others	4.52%	5.41%

Credit Quality	Jul-2010	Aug-2010
A	20.33%	24.95%
A-	16.09%	1.86%
A+	13.61%	13.30%
AA	14.44%	14.14%
BBB	0.00%	8.56%
Less Than BBB	6.01%	0.00%
Unrated	-	5.90%



## DETAILS OF NON COMPLIANT INVESTMENT

Name of Investment	Type	Value before provision	Provision (if any)	Value after provision	% Net Assets	% Gross Assets
Engro Fertilizer Limited *	TFC	56,943,000	1,936,062	55,006,938	14.25%	14.14%
Optimus Limited *	TFC	45,963,200	2,338,194	43,625,006	11.30%	11.22%
Kohat Cement Company Limited	SUKUK	30,598,050	7,649,513	22,948,538	5.95%	5.90%
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%
New Allied Electronics Industries Limited	TFC	28,283,312	28,283,312	-	0.00%	0.00%
Invest Capital Investment Bank Ltd. * Formerly Zamin Leasing Modaraba	COM	50,000,000	-	50,000,000	12.86%	12.95%
Trust Investment Bank Ltd.	COI	26,041,359	26,041,359	-	0.00%	0.00%
Saudi Pak Leasing Co. Ltd	COI	102,988,845	102,988,845	-	0.00%	0.00%
<b>Total</b>		<b>490,817,766</b>	<b>319,237,284</b>	<b>171,580,482</b>	<b>44.35%</b>	<b>44.21%</b>

## DMMF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Engro Fertilizer Limited	TFC	14.25%
Optimus Limited	TFC	11.30%
Escort Investment Bank Limited	TFC	8.48%
Invest Capital and Investment Bank Ltd.	TFC	7.77%
Kohat Cement Company Limited	TFC	5.95%
NIB Bank Limited	SUKUK	4.91%
Invest Capital and Investment Bank Ltd.	TFC	4.16%
Trust Investment Bank Limited	TFC	1.92%
Trakker Pakistan Limited	TFC	1.92%
Grays Leasing Company Limited	TFC	1.87%
<b>Total</b>		<b>62.52%</b>

## FUND MANAGER'S COMMENTS

During the month of August, DMMF again witnessed a healthy positive return of **18.70%** pa. This was due to reversals and capital gains against defaulting debt instruments that have now been paying their due amounts making DMMF an extremely attractive investments for investors looking to take the advantage of the reversals and capital gains. DMMF will continue to progress in the same manner in upcoming months as well.

\* Limit Breach

### FUND STATISTICS

Name of Fund	Dawood Islamic Fund
Structure	Open End
Industry Category	Islamic Asset Allocation
Benchmark	25% KMI-30 + 75% Savings Rate (Subject to SECP Approval)
Shariah Advisors	Prof. Mufti Munib-ur-Rehman Mufti Syed Sabir Hussain Mufti Syed Zahid
Trustee & Custodian	CDC Pakistan Limited
Auditor	M. Yousuf Adil Saleem & Co.
Registrar	Gangjees Registrar Services
Legal Advisor	Bawaney & Partners
Launch Date	14-Jul-2007
Listing	KSE
Duration	Perpetual
Management Fee	1.50% per annum
Sales Load	1.50% Front End
Pricing Mechanism	Forward
Leverage	Nil
Risk Profile	Medium
AMC Rating	AM4+

### PERFORMANCE STATISTICS

Net Assets	PKR 233.11 Million
NAV	PKR 99.6373
Wt. Avg. Time To Maturity	3.78 Years
Standard Deviation	2.00%
Sharpe Ratio	-0.34
Information Ratio	-1.00
Sortino Ratio	-0.90
VAMI	1.01

Returns	Jul-2010	Aug-2010
DIF	1.77%	-1.05%
Benchmark	6.15%	-0.89%
Alpha	-4.38%	-0.16%

### HISTORIC RETURNS

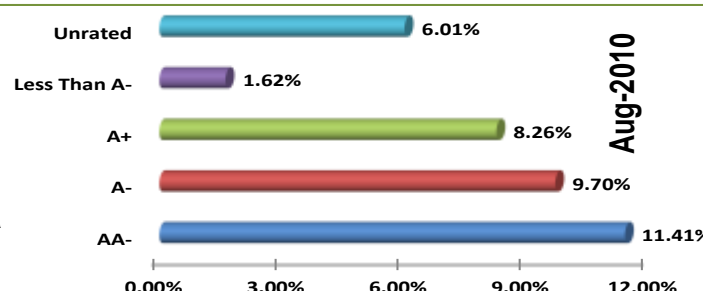
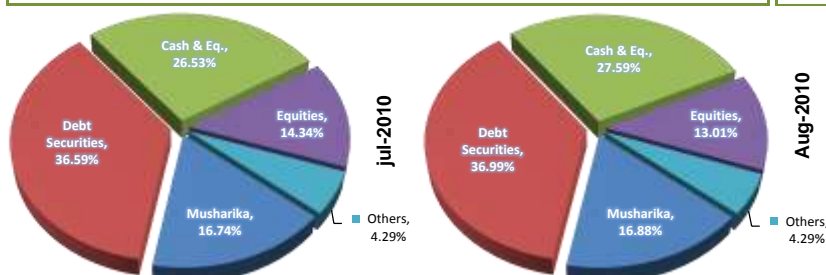
1 Month	3 Months	6 Months	YTD
-1.05%	12.04%	3.59%	0.70%

### INVESTMENT OBJECTIVE

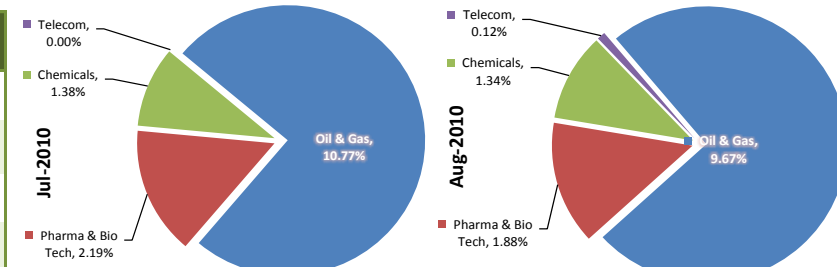
To provide Riba-Free "Halal Munafa" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Jul-2010	Aug-2010
Musharika	16.74%	16.88%
Debt Securities	36.59%	36.99%
Cash & Eq.	26.53%	27.59%
Equities	14.34%	13.01%
Others	5.80%	5.53%

Credit Quality	Jul-2010	Aug-2010
AA	11.04%	0.00%
AA-	0.00%	11.41%
A-	9.69%	9.70%
A+	8.29%	8.26%
Less Than A-	7.57%	1.62%
Unrated	-	6.01%



Equity Allocation	Jul-2010	Aug-2010
Oil & Gas	10.77%	9.67%
Pharma & Bio Tech	2.19%	1.88%
Chemicals	1.38%	1.34%
Telecom	0.00%	0.12%



### DETAILS OF NON COMPLIANT INVESTMENT

Name of Investment	Type	Value before	Provision	Value after	% of Net	% Gross
Maple Leaf Cement Factory Limited	SUKUK	48,167,561	43,280,917	4,886,644	2.10%	162%
Kohat Cement Company Limited	SUKUK	24,150,000	6,037,500	18,112,500	7.77%	6.01%
New Allied Electronics Industries Limited	SUKUK	5,027,500	5,027,500	-	0.00%	0.00%
B.R.R. Guardian Mo daraba	COM	1,119,495	(223,899)	895,596	0.38%	0.30%
Invest Capital Investment Bank Ltd. *	COM	50,000,000	-	50,000,000	21.45%	16.58%
<b>Total</b>		<b>128,464,556</b>	<b>54,122,018</b>	<b>73,894,740</b>	<b>31.70%</b>	<b>24.51%</b>

### DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Engro Fertilizer Limited	SUKUK	11.54%
Shahmurad Sugar Mills Limited	SUKUK	9.82%
Pak Elektron Limited	SUKUK	8.36%
Kohat Cement Company Limited	SUKUK	6.08%
Maple Leaf Cement Factory Limited	SUKUK	1.64%
<b>Total</b>		<b>37.43%</b>

### FUND MANAGER'S COMMENTS

During the month of August, DIF NAV decreased by 1.05% as compared to its benchmark which was decreased by 0.89%. Thus DIF has underperformed by 0.16%. This was due to the stock market impact and downward revisions of debt prices at MUFAP. But we are expecting that these will go back to its due values soon making DIF an extremely attractive investments for investors looking to take the advantage of the reversals and capital gains.