



# DAWOOD CAPITAL MANAGEMENT LIMITED

Treasure Chest - December 2010

## PAKISTAN ECONOMIC UPDATES

### Pakistan Economic Update:

Economic environment overall remained challenging for Pakistan. Implementation of RGST has been further delayed and likely to be implemented in the next budget. This delay will result in increased reliance of government on SBP borrowing which has already crossed PKR 300bn. It will result in prolong inflationary pressure in our economy. Further increasing international commodity prices primarily crude oil will add in the mix.

### Stock Market Review:

Throughout the month stock market performed positively. KSE-100 index started with the previous month closing of 11234.76 and closed at 12022.46 gaining 7.87% for the month. This rally was mainly driven by foreign investors who were the net buyers of USD 72.95mn during the month. Also the bilateral agreement between China and Pakistan boosted the investor's confidence.

### Debt Market Review:

SBP raised another 50 bps in its latest policy keeping its tight monetary instance.

Three auctions of T-Bills were conducted during the month. The last auction was conducted by the SBP on December 29, 2010. The WAY for 3-month T-Bill was 13.1594%, 6 month was 13.3887% and 1-year was 13.6893%.

| INVESTMENT COMMITTEE    |                          | CUTT-OFF TIMINGS OF FUNDS |                 |                    |
|-------------------------|--------------------------|---------------------------|-----------------|--------------------|
| Muhammad Saleem Munshi  | Chief Investment Officer |                           | Cut-Off Timings |                    |
| Muhammad Ahmed          | Fund Manager             |                           | Business Day    | Business Hours     |
| Mustansir Shabbar       | Member                   | DMMF                      | Monday - Friday | 9:00 AM - 5:00 PM  |
| Muhammad Aamir Siddiqui | Secretary                |                           | Saturday        | 9:00 AM - 1:30 PM  |
|                         |                          | DIF                       | Monday - Friday | 9:00 AM - 5:00 PM  |
|                         |                          |                           | Saturday        | 9:00 AM - 1:30 PM  |
|                         |                          |                           | Cut-Off Timings | Cut-Off Timings    |
|                         |                          |                           | Monday - Friday | 9:00 AM - 12:00 PM |
|                         |                          |                           | Saturday        | 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

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| 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 337.83 Million |
| NAV                       | PKR 70.9292        |
| Wt. Avg. Time To Maturity | 2.72 Years         |
| Standard Deviation        | 0.69%              |
| Sharpe Ratio              | 0.43               |
| Information Ratio         | 0.38               |
| VAMI                      | 1.08               |

| Returns   | Nov-10 | Dec-10 |
|-----------|--------|--------|
| DMMF      | 14.67% | 21.86% |
| Benchmark | 13.28% | 13.60% |
| Alpha     | 1.39%  | 8.26%  |

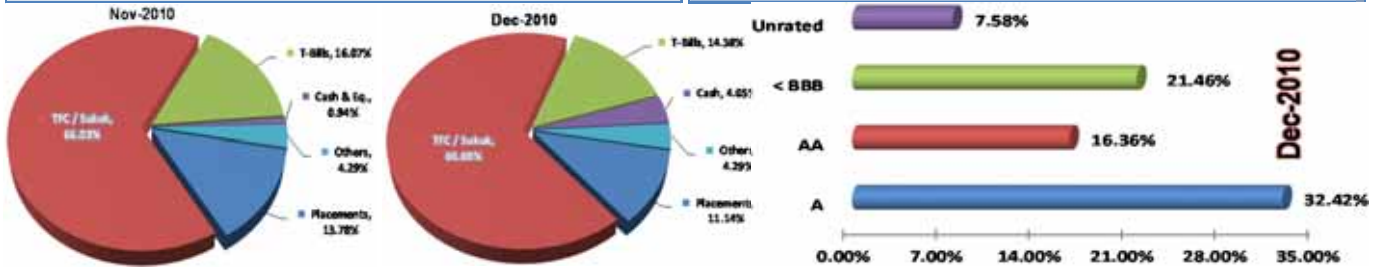
| Returns   | Nov-10 | Dec-10 |
|-----------|--------|--------|
| DMMF      | 14.67% | 13.09% |
| Benchmark | 13.28% | 13.60% |
| Alpha     | 1.39%  | -0.51% |

### 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   | Nov-2010 | Dec-2010 |
|-------------|----------|----------|
| Placements  | 13.78%   | 11.14%   |
| TFC / Sukuk | 66.03%   | 66.68%   |
| T-Bills     | 16.07%   | 14.38%   |
| Cash        | 0.94%    | 4.05%    |
| Others      | 3.19%    | 3.74%    |

| Credit Quality | Nov-2010 | Dec-2010 |
|----------------|----------|----------|
| A              | 34.55%   | 32.42%   |
| AA             | 14.70%   | 16.36%   |
| < BBB          | 6.20%    | 21.46%   |
| Unrated        | 24.35%   | 7.58%    |



### DETAILS OF NON COMPLIANT INVESTMENT

| Name of Investment                      | Type  | Value Before Provision | Provision (if any) | Value After Provision | % Net Assets  | % Gross Assets |
|---|-------|------------------------|--------------------|-----------------------|---------------|----------------|
| Engro Fertilizer Ltd. *                 | TFC   | 55,804,354             | -                  | 55,804,354            | 16.52%        | 16.36%         |
| Optimus Ltd. *                          | TFC   | 45,218,414             | -                  | 45,218,414            | 13.38%        | 13.26%         |
| Invest Capital Investment Bank Ltd. *   | COM   | 47,500,000             | 9,500,000          | 38,000,000            | 11.25%        | 11.14%         |
| Invest Capital and Investment Bank Ltd. | TFC   | 30,000,000             | 7,500,000          | 22,500,000            | 6.66%         | 6.60%          |
| Invest Capital and Investment Bank Ltd. | Sukuk | 15,833,330             | 3,166,666          | 12,666,664            | 3.75%         | 3.71%          |
| Dewan Cement Ltd.                       |       | 150,000,000            | 150,000,000        | -                     | 0.00%         | 0.00%          |
| Grays Leasing Company Ltd.              | TFC   | 5,250,000              | -                  | 5,250,000             | 1.55%         | 1.54%          |
| New Allied Electronics Industries Ltd.  | TFC   | 25,433,190             | 25,433,190         | -                     | 0.00%         | 0.00%          |
| Trust Investment Bank Ltd.              | TFC   | 35,566,705             | -                  | 35,566,705            | 10.53%        | 10.43%         |
| Trust Investment Bank Ltd.              | COI   | 20,041,359             | 20,041,359         | -                     | 0.00%         | 0.00%          |
| Saudi Pak Leasing Co. Ltd               | COI   | 95,000,000             | 95,000,000         | -                     | 0.00%         | 0.00%          |
| Kohat Cement Company Ltd.               | SUKUK | 30,598,050             | 9,990,478          | 20,607,572            | 6.10%         | 6.04%          |
| <b>Total</b>                            |       | <b>556,245,403</b>     | <b>320,631,693</b> | <b>235,613,710</b>    | <b>69.74%</b> | <b>69.09%</b>  |

### DMMF TOP TEN DEBT SECURITIES

| Investee Company                        | Type  | %             |
|---|-------|---------------|
| Engro Fertilizer Ltd.                   | TFC   | 16.52%        |
| Optimus Ltd.                            | TFC   | 13.38%        |
| Invest Capital Investment Bank Ltd.     | COM   | 11.25%        |
| Trust Investment Bank Ltd.              | TFC   | 10.53%        |
| Escort Investment Bank Ltd.             | TFC   | 7.34%         |
| Invest Capital and Investment Bank Ltd. | TFC   | 6.66%         |
| Kohat Cement Company Ltd.               | SUKUK | 6.10%         |
| Invest Capital and Investment Bank Ltd. | TFC   | 3.75%         |
| Grays Leasing Company Ltd.              | TFC   | 1.55%         |
| Trakker Pakistan Ltd. *                 | TFC   | 1.48%         |
| <b>Total</b>                            |       | <b>78.56%</b> |

### FUND MANAGER'S COMMENTS

During the month of December, DMMF again witnessed a remarkable return of 21.86% pa. DMMF again shown a tremendous return making itself an extremely attractive investments for investors looking to take the advantage of the reversals and capital gains. DMMF will continue to progress in up coming months as well.

\* Limit Breach



# DAWOOD ISLAMIC FUND

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| FUND STATISTICS     |   |
|---------------------|---|
| Name of Fund        | Dawood Islamic Fund   |
| Structure           | Open End  |
| Industry Category   | Islamic Asset Allocation  |
| Benchmark           | 25% KMI-30 + 75% Savings Rate<br>(Subject to SECP Approval)                 |
| Shariah Advisors    | Prof. Mufti Munib-ur-Rehman<br>Mufti Syed Sabir Hussain<br>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 342.02 Million |
| NAV                       | PKR 111.4458       |
| Wt. Avg. Time To Maturity | 4.45 Years         |
| Standard Deviation        | 7.44%              |
| Sharpe Ratio              | 0.15               |
| Information Ratio         | 0.10               |
| Sortino Ratio             | 0.79               |
| VAMI                      | 1.13               |

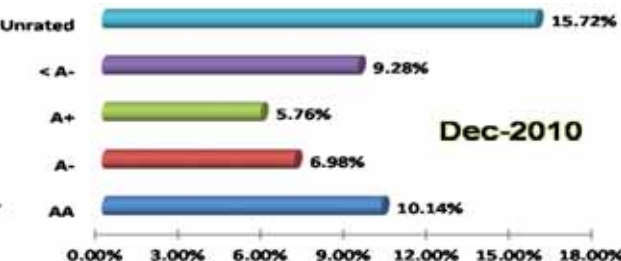
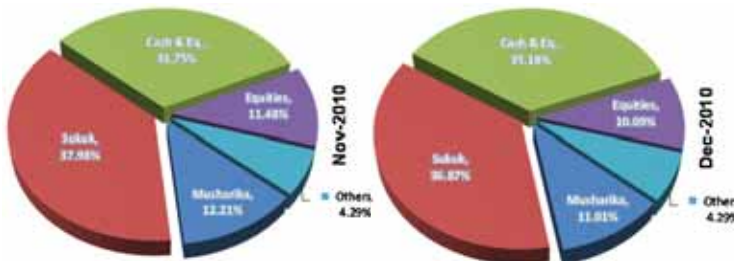
| Returns   | Nov-2010 | Dec-2010 |
|-----------|----------|----------|
| DIF       | 0.25%    | -1.96%   |
| Benchmark | 2.00%    | 1.80%    |
| Alpha     | -1.74%   | -3.76%   |

| HISTORIC RETURNS |          |          |        |
|------------------|----------|----------|--------|
| 1 Month          | 3 Months | 6 Months | YTD    |
| -1.96%           | -4.43%   | 12.63%   | 12.63% |

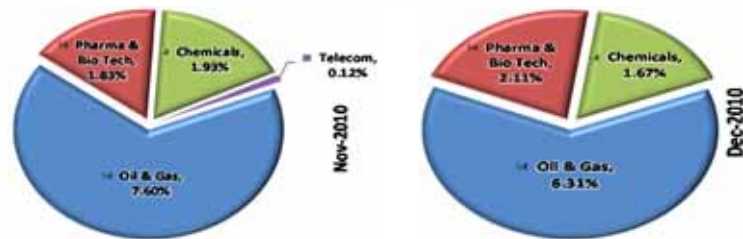
**INVESTMENT OBJECTIVE**  
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

| Asset Mix  | Nov-2010 | Dec-2010 |
|------------|----------|----------|
| Musharika  | 12.21%   | 11.01%   |
| Sukuk      | 37.98%   | 36.87%   |
| Cash & Eq. | 31.75%   | 35.18%   |
| Equities   | 11.48%   | 10.09%   |
| Others     | 6.58%    | 6.85%    |

| Credit Quality | Nov-2010 | Dec-2010 |
|----------------|----------|----------|
| AA             | 10.48%   | 10.14%   |
| A-             | 6.91%    | 6.98%    |
| A+             | 6.55%    | 5.76%    |
| < A-           | 9.44%    | 9.28%    |
| Unrated        | 16.81%   | 15.72%   |



| Equity Allocation | Nov-2010 | Dec-2010 |
|-------------------|----------|----------|
| Oil & Gas         | 7.60%    | 6.31%    |
| Pharma & Bio Tech | 1.83%    | 2.11%    |
| Chemicals         | 1.93%    | 1.67%    |
| Telecom           | 0.12%    | 0.00%    |



| DETAILS OF NON COMPLIANT INVESTMENT       |       |                        |                    |                       |                 |                |
|---|-------|------------------------|--------------------|-----------------------|-----------------|----------------|
| Name of Investment                        | Type  | Value Before Provision | Provision (if any) | Value After Provision | % of Net Assets | % Gross Assets |
| Maple Leaf Cement Factory Limited         | Sukuk | 49,986,705             | 17,940,255         | 32,046,450            | 9.37%           | 9.28%          |
| New Allied Electronics Industries Limited | Sukuk | 5,027,500              | 5,027,500          | -                     | 0.00%           | 0.00%          |
| Kohat Cement Company Limited              | Sukuk | 24,150,000             | 7,885,144          | 16,264,856            | 4.76%           | 4.71%          |
| Invest Capital Investment Bank Ltd.       | COM   | 47,500,000             | 9,500,000          | 38,000,000            | 11.1%           | 11.01%         |
| <b>Total</b>                              |       | <b>126,664,205</b>     | <b>40,352,899</b>  | <b>86,311,306</b>     | <b>25.24%</b>   | <b>25.01%</b>  |

| DIF TOP TEN DEBT SECURITIES         |       |               |
|-------------------------------------|-------|---------------|
| Investee Company                    | Type  | %             |
| Invest Capital Investment Bank Ltd. | COM   | 11.11%        |
| Engro Fertilizer Limited            | SUKUK | 10.23%        |
| Maple Leaf Cement Factory Limited   | SUKUK | 9.37%         |
| Shahmurad Sugar Mills Limited       | SUKUK | 7.05%         |
| Pak Elektron Limited                | SUKUK | 5.81%         |
| Kohat Cement Company Limited        | SUKUK | 4.76%         |
| <b>Total</b>                        |       | <b>48.32%</b> |

**FUND MANAGER'S COMMENTS**  
During the month of December, DIF NAV decreased by 1.63% as compared to its benchmark which was increased by 2.04%. Thus DIF underperformed by 3.66%. This was mainly due to the adjustments in the portfolio. We are hopeful that these values will recover in long run making DIF an extremely attractive investments for investors looking to take advantage of the reversals and capital gains.

\* Limit Breach