



DAWOOD CAPITAL MANAGEMENT LIMITED

Fund Manager's Report - November 2010

PAKISTAN ECONOMIC UPDATES

Economic Review:

Aftermath of the recent floods and global increase in commodity and raw material prices hit the inflation hard. CPI inflation was recorded to an average of 14.2% year-on-year.

The Government is currently facing arduous task of approving RGST (Reformed General Sales Tax, previously Value Added Tax – VAT) from the National Assembly. IMF and other international donor agencies next tranche of funds is conditional upon the approval of RGST. Government's key coalition parties voted against bill. If consensus is reached on implementation of RGST with the inclusion of agriculture in the tax net, Government hopes for an additional Rs. 50 billion in the second half of the FY2011. Overall RGS should expand the tax net by bringing in some key segments of the economy.

Stock Market Review:

The KSE-100 Index performed strongly during November 2010 and posted a rise of 6% month-on-month basis, closing at the year high of 11,234.76. This was mainly due to the positive development on the leverage product, increase foreign investor portfolio investments and the forthcoming IMF Tranche.

KSE-100 Index rose by 15.56% during the past five months (Jul-Nov 2010). The main driver of this performance is the Oil & Gas sector which comprises of over 50% of the index's return. Foreign investors played a prominent role in the rally and with inflows of US\$ 39 million.

Debt Market Review:

For the third time State Bank increased the interest rate by 50 bps to 14% in its latest monetary policy statement as of November 29, 2010. Gradual removal of power subsidies, RGST, infrastructure development of flood affected areas and increasing inflation were the major factors. Thus the interest rate will remain at higher side in near future as well.

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

DAWOOD CAPITAL MANAGEMENT LIMITED

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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 357.09 Million
NAV	PKR 70.1922
Wt. Avg. Time To Maturity	2.99 Years
Standard Deviation	0.75%
Sharpe Ratio	0.49
Information Ratio	0.45
VAMI	1.07

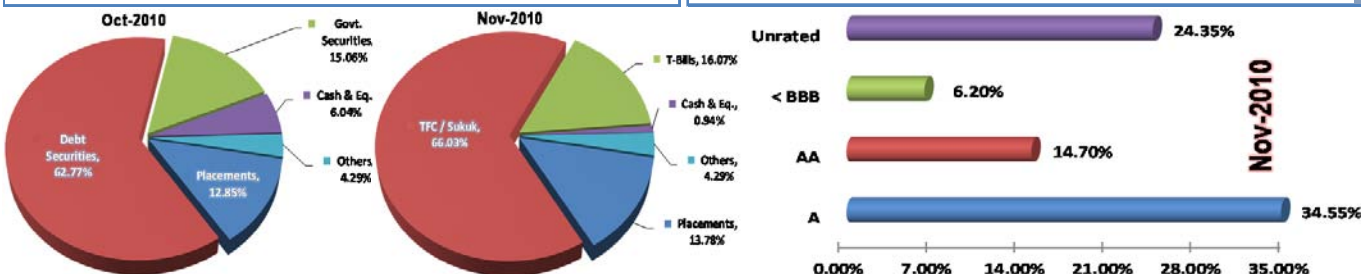
Returns	Oct-10	Nov-10
DMMF	6.77%	14.67%
Benchmark	12.81%	13.28%
Alpha	-6.04%	1.39%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
14.67%	12.67%	31.68%	18.21%

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	Oct-2010	Nov-2010
Placements	12.85%	13.78%
TFC / Sukuk	62.77%	66.03%
T-Bills	15.06%	16.07%
Cash & Eq.	6.04%	0.94%
Others	3.28%	3.19%

Credit Quality	Oct-2010	Nov-2010
A	32.09%	34.55%
AA	14.22%	14.70%
< BBB	5.78%	6.20%
Unrated	23.52%	24.35%



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	53,365,120	-	53,365,120	14.94%	14.70%
Optimus Ltd. *	TFC	43,274,376	-	43,274,376	12.12%	11.92%
Invest Capital Investment Bank Ltd. *	COM	50,000,000	-	50,000,000	14.00%	13.78%
Invest Capital and Investment Bank Ltd.	TFC	22,500,000	-	22,500,000	6.30%	6.20%
Invest Capital and Investment Bank Ltd.	Sukuk	12,666,664	-	12,666,664	3.55%	3.49%
Dewan Cement Ltd.	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd.	TFC	5,250,000	-	5,250,000	1.47%	1.45%
New Allied Electronics Industries Ltd.	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd.	TFC	33,582,437	-	33,582,437	9.40%	9.25%
Trust Investment Bank Ltd.	COI	21,541,359	21,541,359	-	0.00%	0.00%
Saudi Pak Leasing Co. Ltd	COI	96,000,000	96,000,000	-	0.00%	0.00%
Kohat Cement Company Ltd.	SUKUK	30,598,050	10,143,468	20,454,582	5.73%	5.64%
Total		544,211,196	303,118,017	241,093,179	67.52%	66.43%

DMMF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Engro Fertilizer Ltd.	TFC	14.94%
Invest Capital Investment Bank Ltd.	COM	14.00%
Optimus Ltd.	TFC	12.12%
Trust Investment Bank Ltd.	TFC	9.40%
Escort Investment Bank Ltd.	TFC	6.72%
Invest Capital and Investment Bank Ltd.	TFC	6.30%
Kohat Cement Company Ltd.	SUKUK	5.73%
NIB Bank Ltd.	TFC	5.50%
Invest Capital and Investment Bank Ltd.	TFC	3.55%
Grays Leasing Company Ltd.	TFC	1.47%
Total		79.74%

FUND MANAGER'S COMMENTS
During the month of October, DMMF again witnessed a positive return of 14.67% pa as opposed to 6.77% last month. 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

FUND STATISTICS

Name of Fund	Dawood Islamic Fund
Structure	Open End
Industry Category	Islamic Asset Allocation
Benchmark	25% KML-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 265.73 Million
NAV	PKR 113.6739
Wt. Avg. Time To Maturity	4.55 Years
Standard Deviation	7.99%
Sharpe Ratio	0.25
Information Ratio	0.21
Sortino Ratio	1.50
VAMI	1.15

Returns	Oct-2010	Nov-2010
DIF	-2.76%	0.25%
Benchmark	1.96%	2.00%
Alpha	-4.72%	-1.74%

HISTORIC RETURNS

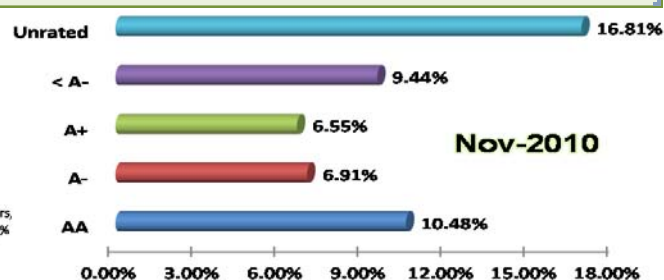
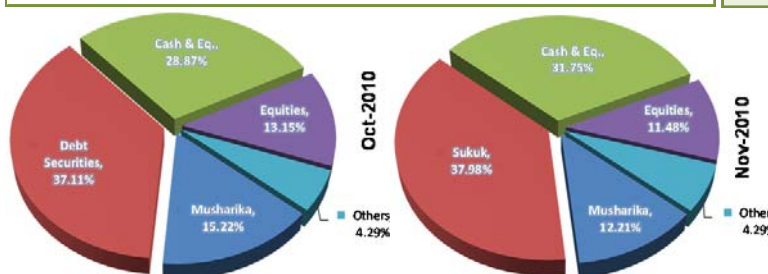
	1 Month	3 Months	6 Months	YTD
	0.25%	14.09%	27.83%	14.88%

INVESTMENT OBJECTIVE

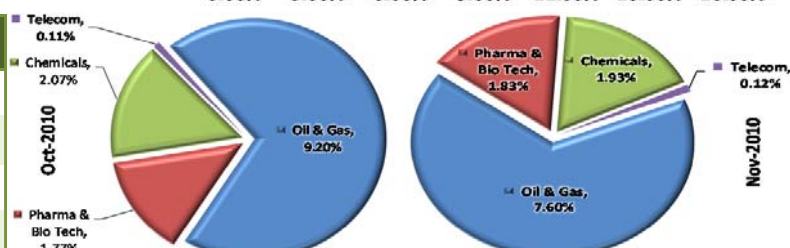
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Oct-2010	Nov-2010
Musharika	15.22%	12.21%
Sukuk	37.11%	37.98%
Cash & Eq.	28.87%	31.75%
Equities	13.15%	11.48%
Others	5.65%	6.58%

Credit Quality	Oct-2010	Nov-2010
AA	10.07%	10.48%
A-	7.01%	6.91%
A+	6.61%	6.55%
Less Than A-	10.77%	9.44%
Unrated	5.30%	16.81%



Equity Allocation	Oct-2010	Nov-2010
Oil & Gas	9.20%	7.60%
Pharma & Bio Tech	1.77%	1.83%
Chemicals	2.07%	1.93%
Telecom	0.11%	0.12%



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	48,457,133	17,399,612	30,757,521	11.57%	9.21%
New Allied Electronics Industries Limited	Sukuk	5,027,500	5,027,500	-	0.00%	0.00%
Kohat Cement Company Limited	Sukuk	24,150,000	8,005,894	16,144,106	6.08%	4.83%
Invest Capital Investment Bank Ltd. *	COM	50,000,000	10,000,000	40,000,000	15.05%	11.98%
BRR Guardian Mo daraba	COM	1,119,495	335,849	783,646	0.29%	0.23%
Total		128,454,128	40,768,855	87,685,273	33.00%	26.25%

DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	15.05%
Engro Fertilizer Limited	SUKUK	13.17%
Maple Leaf Cement Factory Limited	SUKUK	11.57%
Shahmurad Sugar Mills Limited	SUKUK	8.69%
Pak Elektron Limited	SUKUK	8.23%
Kohat Cement Company Limited	SUKUK	6.08%
BRR Guardian Modaraba	COM	0.29%
Total		63.08%

FUND MANAGER'S COMMENTS

During the month of November, DIF NAV increased by 0.25% as compared to its benchmark which was increased by 2%. Thus DIF underperformed by 1.74%. This was mainly due to debt securities revaluations & provisions against defaulting scripts. We are hopeful that these values will recover in long run making DIF an extremely attractive investment for investors looking to take advantage of the reversals and capital gains.