



# DAWOOD CAPITAL MANAGEMENT LIMITED

TREASURE CHEST - AUGUST 2011

## PAKISTAN ECONOMIC UPDATES

### Economic Outlook

Political environment remained very volatile in the province of Sindh because disturbed law and order situation in Karachi. Gold made several peaks in the local bullion market because of rising international prices. Pakistan State Oil took a back step for now is ready to acquire Pakistan Refinery now due to lackluster financial environment. According to figures by Federal Bureau of Statistics exports in July 2011 stood at \$2.2bn while imports stood at \$3.7bn posting at trade deficit of \$1.5bn. Reports also in the air that India has shown renewed interest in Iran Pakistan Gas Pipeline despite US pressure. The Ambassador of Republic of Iraq to Pakistan said his ready to provide oil to Pakistan unconditionally so that this great country can cope with energy crisis. The government has planned to increase power tariff by 14 per cent in four phases by levying surcharge on electricity consumers in a bid to generate over Rs 100 billion to eliminate circular debt which has crossed Rs 400 billion.

### Stock Market Review:

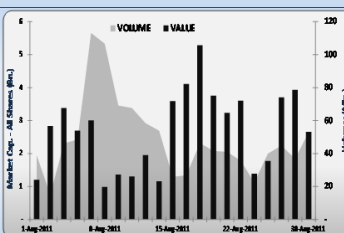
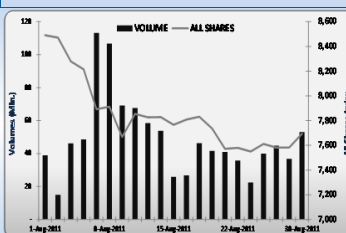
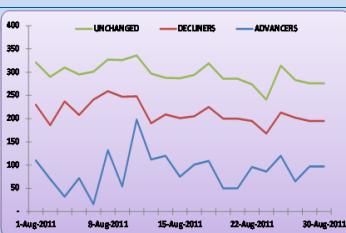
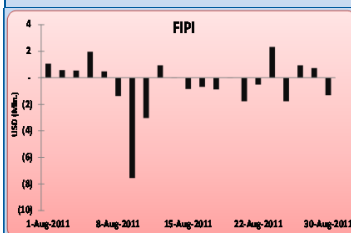
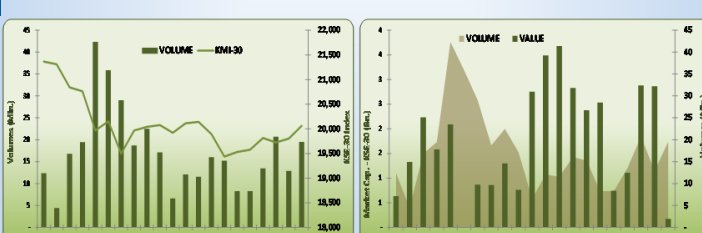
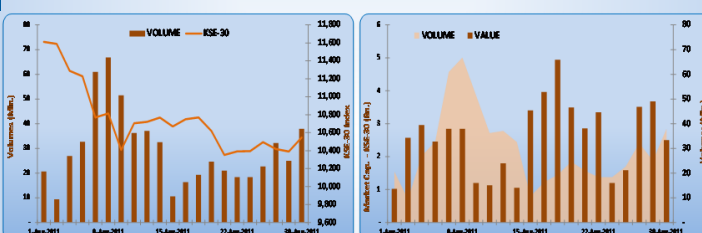
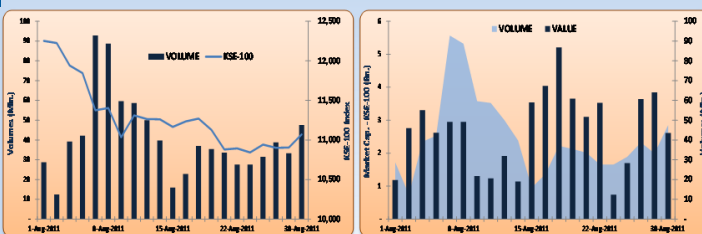
The market remained very lackluster due to law and order situation in Karachi and because of the declining trend in the international equity market. During the month of August, 2011 KSE-100 index was down by 9.2% to close at the level of 11,071. Foreign Investors Portfolio Investment(FIP) witnessed a net outflow on monthly basis of \$11.6Mn according to the data provided by NCCPL considerably lower than the previous months outflow of \$29.7Mn. Volumes further contracted by 31% MoM to 41 million shares. The major news came when US was downgraded by the S&P following increase in debt ceiling, which shook investors' confidence. Market improved in the end because of some positive results that came from Oil, Cement and Fertilizer Sector. Some stability in the political environment can help the market to rise.

### Fixed Income / Money Market Review

Money market remained mostly on the higher side. Through OMO's SBP injected Rs 640 billion at a weighted average yield of 13.18%. SBP conducted two T-Bill auctions and accepted around Rs 300 billion against total bid of Rs 398 billion. In the forex market rupee kept losing its value against the dollar. During the month State Bank had also conducted PIB auction and accepted Rs. 41 billion against total bid of Rs67 billion and target of Rs 30 billion.

### STOCK MARKET STATISTICS

Index	Aug-11	Jul-11	Return	Avg. Vol.	Avg. Val.		Aug-11	Jul-11
KSE-100	11,070.58	12,190.37	-9.19%	41.10	2.61	Avg. Vol.	49.14 M	57.71 M
KSE-30	10,545.99	11,560.23	-8.77%	29.58	2.50	Mkt. Cap.	2.93 B	2.66 B
KMI-30	20,061.90	21,203.61	-5.38%	17.30	0.17	FIPI	\$ (10.12) M	\$ (30.14) M
All-Shares	7,693.59	8,449.87	-8.95%	49.14	2.66	6M KIBOR	13.37%	13.80%



### INVESTMENT COMMITTEE

Tara Uzra Dawood	Chief Investment Officer
Syed Kabiruddin	Member
Muhammad Abbas	Fund Manager Fixed Income
Muhammad Aslam	Assistant Fund Manager Equity
Zeeshan Swalaheen	Research Associate

### CUTT-OFF TIMINGS OF FUNDS

Business Day	Cut-Off Timings	
	Business Hours	Cut-Off Timings
Monday - Friday	9:00 AM - 5:00 PM	9:00 AM - 5:00 PM
Saturday	9:00 AM - 1:30 PM	9:00 AM - 1:30 PM
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 INCOME FUND (FORMERLY DAWOOD MONEY MARKET FUND)

TREASURE CHEST - AUGUST 2011

FUND STATISTICS	
Name of Fund	Dawood Income Fund (Formerly Dawood Money Market Fund)
Structure	Open End
Industry Category	Fixed Income
Benchmark	Avg. 6 Month KIBOR
Trustee & Custodian	MCB Financial Services Limited
Auditor	Ernst & Young Ford Rhodes
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
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	AM3-
Stability Rating	A-

PERFORMANCE STATISTICS	
Net Assets	PKR 478.54 Mn
NAV	PKR 74.6347
Wt. Avg. Time To Maturity	0.95 Years
Standard Deviation	0.30%
Sharpe Ratio	0.46
Information Ratio	0.31
VAMI	1.02

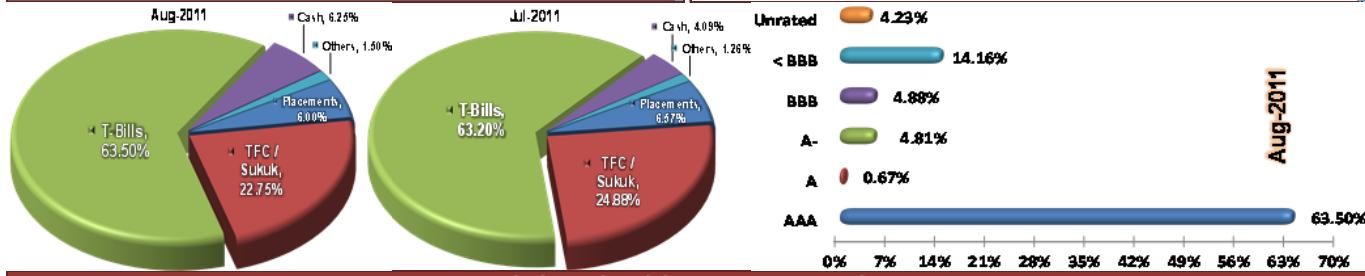
Returns	Aug-2011	Jul-2011
DIF (DMMF)	12.35%	18.06%
Benchmark	13.37%	13.80%
Alpha	-1.02%	4.26%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
12.35%	21.68%	30.46%	15.17%

**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	Aug-2011	Jul-2011
Placements	6.00%	6.57%
TFC / Sukuk	22.75%	24.88%
T-Bills	63.50%	63.20%
Cash	6.25%	4.09%
Others	1.50%	1.26%

Credit Quality	Aug-2011	Jul-2011
AAA	63.50%	63.20%
A	0.67%	0.72%
A-	4.81%	5.08%
BBB	4.88%	5.24%
< BBB	14.16%	15.86%
Unrated	4.23%	4.55%



DETAILS OF NON COMPLIANT INVESTMENT						
Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Invest Capital Investment Bank Ltd.	COM	39,750,000	10,763,105	28,986,895	6.06%	6.00%
Invest Capital Investment Bank Ltd.	TFC	30,000,000	13,500,000	16,500,000	3.45%	3.42%
Invest Capital Investment Bank Ltd.	TFC	15,569,441	9,341,665	6,227,776	130%	129%
Dewan Cement Ltd.	TFC	150,000,000	150,000,000	-	0.00%	0.00%
New Allied Electronics Industries Ltd.	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd.	COI	8,041,359	8,041,359	-	0.00%	0.00%
Pace Pakistan Limited	TFC	9,403,856	-	9,403,856	197%	195%
Kohat Cement Company Ltd.	SUKUK	20,440,232	-	20,440,232	4.27%	4.23%
Eden Housing Ltd.	SUKUK	7,258,184	-	7,258,184	152%	150%
<b>Total</b>		<b>305,896,261</b>	<b>217,079,319</b>	<b>88,816,943</b>	<b>18.56%</b>	<b>18.39%</b>

DIF(DMMF) TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	6.06%
Trust Investment Bank Ltd. - TFC 04-07-08	TFC	4.92%
Avari Hotels (Pvt) Ltd - TFC 01-11-07	TFC	4.86%
Kohat Cement Company Ltd. - SUKUK 13-12-07	SUKUK	4.27%
Invest Capital and Investment Bank Ltd. - TFC 05-05	TFC	3.45%
Pace Pakistan Limited - TFC 15-02-08	TFC	1.97%
Eden Housing Ltd. - SUKUK 31-03-08	SUKUK	1.52%
Invest Capital and Investment Bank Ltd. - TFC 12-05	TFC	1.30%
Trakker Pakistan Ltd. - TFC 15-09-07	TFC	0.52%
Escort Investment Bank Ltd. - TFC 15-03-07	TFC	0.15%
<b>Total</b>		<b>29.02%</b>

**FUND MANAGER'S COMMENTS**

During the month of August, DIF again shown a return of 12.35% pa. DIF has completely liquid fund having major investments in short term T-Bills. DIF will continue to follow the same momentum in upcoming months as well.



# DAWOOD ISLAMIC FUND

TREASURE CHEST - AUGUST 2011

## FUND STATISTICS

Name of Fund	Dawood Islamic Fund
Structure	Open End
Industry Category	Islamic Asset Allocation
Benchmark	25% KMI-30 + 75% Savings Rate
Shariah Advisors	Prof. Mufti Munib-ur-Rehman Mufti Syed Sabir Hussain Mufti Syed Zahid
Trustee & Custodian	CDC Pakistan Limited
Auditor	Ernst & Young Ford Rhodes
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
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	AM3-

## PERFORMANCE STATISTICS

Net Assets	PKR 329.78 Mn
NAV	PKR 102.3084
Wt. Avg. Time To Maturity	2.37 Years
Standard Deviation	0.20%
Sharpe Ratio	-3.62
Information Ratio	0.44
Sortino Ratio	-1.69
VAMI	1.01

Returns	Aug-2011	Jul-2011
DIF	0.28%	0.26%
Benchmark	-1.03%	0.63%
Alpha	1.31%	-0.37%

## HISTORICAL RETURNS

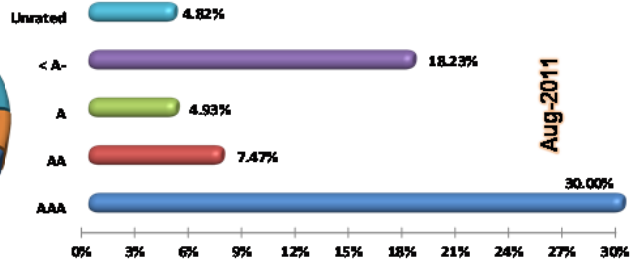
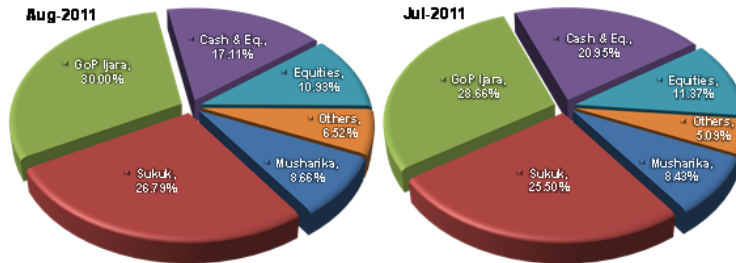
1 Month	3 Months	6 Months	YTD
0.28%	-3.61%	1.25%	0.54%

## INVESTMENT OBJECTIVE

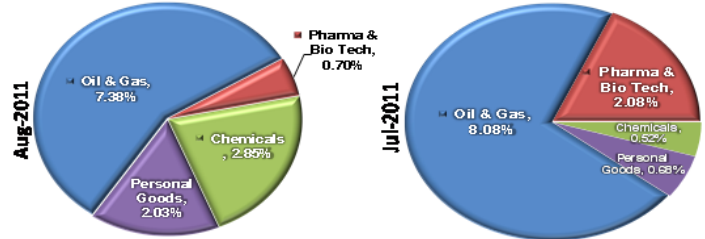
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Aug-2011	Jul-2011
Musharika	8.66%	8.43%
Sukuk	26.79%	25.50%
GoP Ijara	30.00%	28.66%
Cash & Eq.	17.11%	20.95%
Equities	10.93%	11.37%
Others	6.52%	5.09%

Credit Quality	Aug-2011	Jul-2011
AAA	30.00%	28.66%
AA	7.47%	7.14%
A	4.93%	4.61%
< A-	18.23%	17.58%
Unrated	4.82%	4.61%
A+	0.00%	0.00%



Equity Allocation	Aug-2011	Jul-2011
Oil & Gas	7.38%	8.08%
Pharma & Bio Tech	0.70%	2.08%
Chemicals	2.85%	0.52%
Personal Goods	2.03%	0.68%



## 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	30,737,902	-	30,737,902	9.32%	9.18%
Maple Leaf Cement Factory Limited	Sukuk	1,295,469	-	1,295,469	0.39%	0.39%
New Allied Electronics Industries Limited	Sukuk	5,027,500	5,027,500	-	0.00%	0.00%
Kohat Cement Company Limited	Sukuk	16,132,780	-	16,132,780	4.89%	4.82%
Invest Capital Investment Bank Limited	COM	39,750,000	10,763,106	28,986,894	8.79%	8.66%
<b>Total</b>		<b>92,943,650</b>	<b>15,790,606</b>	<b>77,153,044</b>	<b>23.40%</b>	<b>23.05%</b>

## DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Gop Ijarah	SUKUK	30.00%
Maple Leaf Cement Factory Limited	SUKUK	9.18%
Invest Capital Investment Bank Ltd.	COM	8.66%
Engro Fertilizer Limited	SUKUK	7.47%
Pak Elektron Limited	SUKUK	4.93%
Kohat Cement Company Limited	SUKUK	4.82%
Maple Leaf Cement Factory Limited	SUKUK	0.39%
<b>Total</b>		<b>65.44%</b>

## FUND MANAGER'S COMMENTS

During the month of August, DIF NAV increased by 0.28% as compared to its benchmark which was decreased by 1.03%. Thus DIF outperformed by 1.31%. Exposure in GoP Ijarah SUKUK gave support during pressurized market conditions. DIF is still an extremely attractive investments for investors looking to take advantage of the reversals and capital gains.



# FIRST DAWOOD MUTUAL FUND

TREASURE CHEST - AUGUST 2011

FUND STATISTICS	
Name of Fund	First Dawood Mutual Fund
Structure	Closed End
Industry Category	Balanced
Benchmark	50% KSE-100 + 50% Avg. 6 M KIBOR
Trustee & Custodian	CDC Pakistan Limited
Auditor	Ernst & Young Ford Rhodes
Registrar	FD Registrar Services Pvt. Limited
Legal Advisor	Bawaney & Partners
Launch Date	23-Mar-2005
Listing	KSE
Management Fee	2.00% per annum
Pricing Mechanism	Forward
Risk Profile	Medium - High
AMC Rating	AM3-

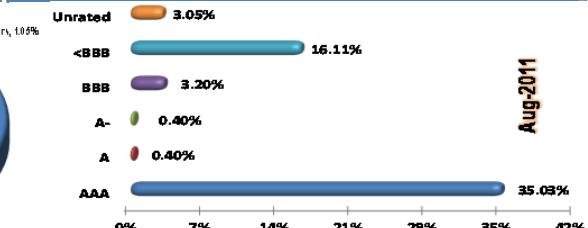
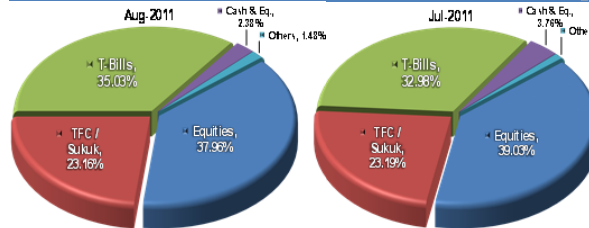
PERFORMANCE STATISTICS		
Net Assets	PKR 523.92 Mn	
NAV	PKR 9.02	
Wt. Avg. Time To Maturity	0.96 Years	
Standard Deviation	2.33%	
Sharpe Ratio	-1.55	
Sortino Ratio	-1.21	
Information Ratio	-2.49	
VAMI	0.95	
Returns	Aug-2011	Jul-2011
FDMF	-4.14%	-0.63%
Benchmark	-4.04%	-0.65%
Alpha	-0.10%	0.02%

HISTORICAL RETURNS			
1 Month	3 Months	6 Months	YTD
-4.14%	-7.87%	-2.70%	-4.75%

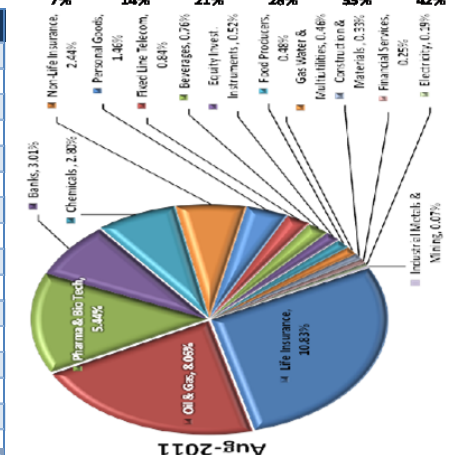
**INVESTMENT OBJECTIVE**  
To preserve the investor's capital while providing a return greater than that offered by other investments of similar risk profile through investments in a mixed portfolio of money market, fixed income and stocks.

Asset Mix	Aug-2011	Jul-2011
Equities	37.96%	39.03%
TFC / Sukuk	23.16%	23.19%
T-Bills	35.03%	32.98%
Cash & Eq.	2.38%	3.76%
Others	1.48%	1.05%

Credit Quality	Aug-2011	Jul-2011
AAA	35.03%	32.95%
A	0.40%	0.38%
A-	0.40%	0.37%
BBB	3.20%	3.05%
<BBB	16.11%	16.49%
Unrated	3.05%	2.91%



Equity Allocation	Aug-2011	Jul-2011
Life Insurance	10.83%	11.17%
Oil & Gas	8.06%	8.11%
Pharma & Bio Tech	5.44%	5.53%
Banks	3.01%	3.26%
Chemicals	2.80%	2.95%
Non-Life Insurance	2.44%	2.45%
Personal Goods	1.46%	1.34%
Fixed Line Telecom	0.84%	0.93%
Beverages	0.76%	0.83%
Equity Invest. Instruments	0.52%	0.57%
Food Producers	0.48%	0.59%
Gas Water & Multiutilities	0.46%	0.44%
Construction & Materials	0.33%	0.95%
Financial Services	0.25%	0.27%
Electricity	0.19%	0.18%
Industrial Metals & Mining	0.07%	0.05%



DETAILS OF NON COMPLIANT INVESTMENT						
Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Maple Leaf Cement Factory Limited	SUKUK	37,925,213	-	37,925,213	7.24%	7.18%
Maple Leaf Cement Factory Limited	SUKUK	1,598,214	-	1,598,214	0.31%	0.30%
Pace Pakistan Limited	TFC	6,717,040	-	6,717,040	1.28%	1.27%
B.R.R. Guardian Modaraba	SUKUK	18,691,406	-	18,691,406	3.57%	3.54%
Amtex Ltd	SUKUK	12,375,000	-	12,375,000	2.36%	2.34%
Invest Capital and Investment Bank Ltd.	TFC	7,784,724	-	7,784,724	1.49%	1.47%
New Allied Electronics Industries Ltd.	TFC	-	-	-	0.00%	0.00%
Kohat Cement Company Ltd.	SUKUK	16,132,780	-	16,132,780	3.08%	3.05%
<b>Total</b>		<b>101,224,376</b>	<b>-</b>	<b>101,224,376</b>	<b>19.32%</b>	<b>19.16%</b>

DIF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Maple Leaf Cement Factory Limited	SUKUK	7.24%
B.R.R. Guardian Modaraba	SUKUK	3.57%
Kohat Cement Company Ltd. - SUKUK 13-12-07	SUKUK	3.08%
Amtex Ltd	SUKUK	2.36%
Trust Investment Bank Ltd. - TFC 04-07-08	TFC	2.25%
Invest Capital and Investment Bank Ltd. - TFC 12-08-08	TFC	1.49%
Pace Pakistan Limited - TFC 15-02-08	TFC	1.28%
Telecard Limited	TFC	0.98%
Avani Hotels (Pvt) Ltd - TFC 01-11-07	TFC	0.40%
Maple Leaf Cement Factory Limited	SUKUK	0.31%
<b>Total</b>		<b>22.95%</b>

**FUND MANAGER'S COMMENTS**  
During the month of August, FDMF had a return of -4.14% against the benchmark of -4.04%. Thus FDMF underperformed by -0.10%. This was due to the stock market downfall following the worse law & order situations. FDMF has holdings of blue chips which prices will improve in long run.