



DAWOOD CAPITAL MANAGEMENT LIMITED

Treasure Chest - February 2011

PAKISTAN ECONOMIC UPDATES

Economic Updates

On the economic front, all eyes are on the progress of the new round of negotiations taking place in Islamabad between IMF and Pakistan in the first week of March 2011. Government has so far failed to implement measures pertaining to reducing the fiscal deficit as agreed with the IMF earlier. This has resulted in the suspension of the last two tranches of US\$1.7bn each under the Standby Arrangement.

Stock Market Update

The KSE 100 Index retreated sharply and lost 8.7% (1070 points) to close the month of Feb-11 at 11,289 as popular uprising spread against many governments of North African and Middle Eastern countries. Negative sentiments prevailed as Pak-US diplomatic row over Raymond Davis case intensified and Moody's statement that Pakistan's sovereign debt rating could be at risk if the measures recommended by MIF were not implemented.

Money Market Review

The SBP has increased the Statutory Liquidity Requirement (SLR) of Islamic Banks/Islamic Banking Branches to 14% from 9%, effective 1st April 2011. During the month, substantial trades were witnessed in GIS-V and VI at 100 and 100.10 in the secondary market.

INVESTMENT COMMITTEE		CUTT-OFF TIMINGS OF FUNDS			
Syed Kabiruddin	Chief Investment Officer - Acting	DMMF	Cut-Off Timings		
Tara Uzra Dawood	Fund Manager - Acting		Business Day	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
Muhammad Aslam	Assistant Fund Manager	DIF	Cut-Off Timings		
			Business Day	Business Hours	Cut-Off Timings
			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

Treasure Chest - February 2011



FUND STATISTICS	
Name of Fund	Dawood Money Market Fund
Structure	Open End
Industry Category	Fixed Income
Benchmark	Avg. 6 Month KIBOR
Trustee & Custodian	Bank AL Habib Limited
Auditor	M. Yousuf Adil Saleem & Co.
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	AM4+
Stability Rating	Not Rated

PERFORMANCE STATISTICS	
Net Assets	PKR 368.00 Million
NAV	PKR 74.9799
Wt. Avg. Time To Maturity	3.07 Years
Standard Deviation	2.04%
Sharpe Ratio	0.33
Information Ratio	0.31
VAMI	1.15

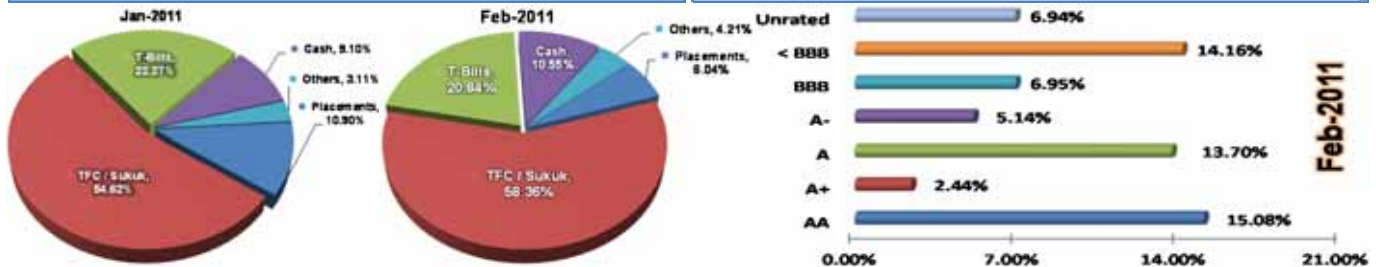
Returns	Jan-11	Feb-11
DMMF	-6.23%	121.48%
Benchmark	13.73%	13.76%
Alpha	-19.96%	107.72%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
121.48%	30.68%	21.29%	22.69%

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	Jan-2011	Feb-2011
Placements	10.90%	6.04%
TFC / Sukuk	54.62%	58.36%
T-Bills	22.27%	20.84%
Cash	9.10%	10.55%
Others	3.11%	4.21%

Credit Quality	Jan-2011	Feb-2011
AA	16.12%	15.08%
A+	0.00%	2.44%
A	21.40%	13.70%
A-	0.00%	5.14%
BBB	0.00%	6.95%
< BBB	20.94%	14.16%
Unrated	7.07%	6.94%



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	56,163,023	-	56,163,023	15.26%	15.08%
Optimus Ltd. *	TFC	45,105,776	-	45,105,776	12.26%	12.11%
Invest Capital Investment Bank Ltd. **	COM	45,000,000	22,500,000	22,500,000	6.11%	6.04%
Invest Capital Investment Bank Ltd. **	TFC	30,000,000	15,000,000	15,000,000	4.08%	4.03%
Invest Capital Investment Bank Ltd. **	Sukuk	15,569,441	7,784,721	7,784,721	2.12%	2.09%
Dewan Cement Ltd. **	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd. **	TFC	5,156,250	-	5,156,250	1.40%	1.38%
New Allied Electronics Industries Ltd. **	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd. **	COI	17,041,359	17,041,359	-	0.00%	0.00%
Kohat Cement Company Ltd. **	SUKUK	20,698,449	-	20,698,449	5.62%	5.56%
Eden Housing Ltd. **	SUKUK	7,449,189	-	7,449,189	2.02%	2.00%
Flying Paper & Board **	TFC	40,000,000	40,000,000	-	0.00%	0.00%
Total		457,616,677	277,759,270	179,857,407	48.87%	48.28%

DMMF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Engro Fertilizer Ltd.	TFC	15.26%
Optimus Ltd.	TFC	12.26%
Trust Investment Bank Ltd.	TFC	7.04%
Invest Capital Investment Bank Ltd.	COI	6.11%
Kohat Cement Company Ltd.	SUKUK	5.62%
Avari Hotels (Pvt) Ltd	TFC	5.20%
Invest Capital and Investment Bank Ltd.	TFC	4.08%
Pace Pakistan Limited	TFC	2.47%
Invest Capital and Investment Bank Ltd.	TFC	2.12%
Eden Housing Ltd.	SUKUK	2.02%
Total		62.18%

FUND MANAGER'S COMMENTS
During the month of February, DMMF increased exceptionally by 121.48% pa. This increase was due to the capital gains on debt securities making DMMF an extremely attractive investments for investors looking to take the advantage of the reversals and capital gains.

* Limit Breach, ** Credit Rating



DAWOOD ISLAMIC FUND

Treasure Chest - February 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	M. Yousuf Adil Saleem & Co.
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	AM4+

PERFORMANCE STATISTICS

Net Assets	PKR 343.01 Million
NAV	PKR 111.4176
Wt. Avg. Time To Maturity	4.36 Years
Standard Deviation	6.37%
Sharpe Ratio	0.09
Information Ratio	0.08
Sortino Ratio	0.45
VAMI	1.13

Returns	Jan-2011	Feb-2011
DIF	-0.10%	0.07%
Benchmark	1.80%	-1.35%
Alpha	-1.90%	1.42%

HISTORIC RETURNS

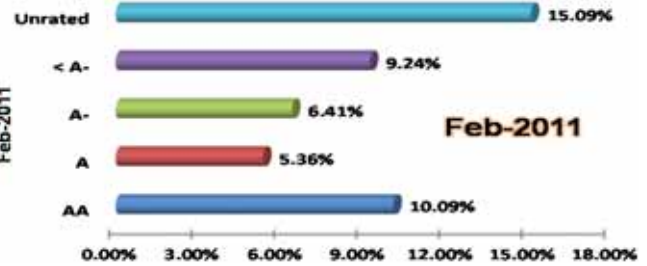
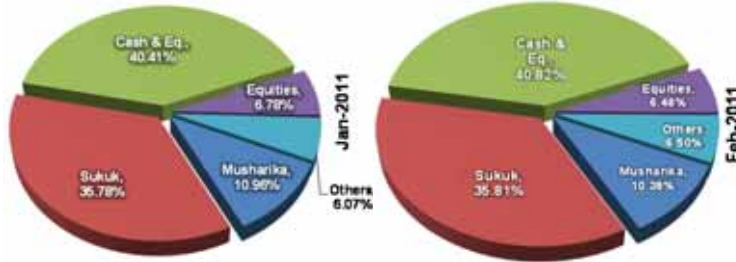
1 Month	3 Months	6 Months	YTD
0.07%	-1.98%	11.82%	12.60%

INVESTMENT OBJECTIVE

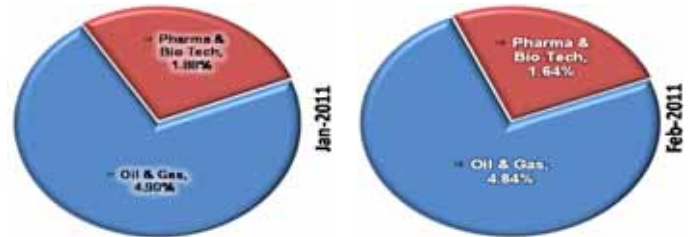
To provide Riba-Free **"Halal Munafa"** to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Jan-2011	Feb-2011
Musharika	10.96%	10.38%
Sukuk	35.78%	35.81%
Cash & Eq.	40.41%	40.82%
Equities	6.78%	6.48%
Others	6.07%	6.50%

Credit Quality	Jan-2011	Feb-2011
AA	10.14%	10.09%
A	0.00%	5.36%
A-	6.98%	6.41%
< A-	9.28%	9.24%
Unrated	15.72%	15.09%



Equity Allocation	Jan-2011	Feb-2011
Oil & Gas	4.90%	4.84%
Pharma & Bio Tech	1.88%	1.64%



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	30,750,981	-	30,750,981	8.96%	8.87%
Maple Leaf Cement Factory Limited **	Sukuk	1,295,469	-	1,295,469	0.38%	0.37%
New Allied Electronics Industries Limited **	Sukuk	5,027,500	5,027,500	-	0.00%	0.00%
Kohat Cement Company Limited **	Sukuk	16,336,581	-	16,336,581	4.76%	4.71%
Invest Capital Investment Bank Limited *, **	COM	45,000,000	9,000,000	36,000,000	10.50%	10.38%
Total		98,410,531	14,027,500	84,383,031	24.60%	24.33%

DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	10.50%
Engro Fertilizer Limited	SUKUK	10.20%
Maple Leaf Cement Factory Limited	SUKUK	8.96%
Shahmurad Sugar Mills Limited	SUKUK	6.48%
Pak Elektron Limited	SUKUK	5.42%
Kohat Cement Company Limited	SUKUK	4.76%
Maple Leaf Cement Factory Limited	SUKUK	0.38%
New Allied Electronics Industries Limited	SUKUK	0.00%
Total		46.71%

FUND MANAGER'S COMMENTS

During the month of January, DIF NAV increased by 0.07% as compared to its benchmark which was decreased by 1.35%. Thus DIF outperformed by 1.25%. The stock market remained under pressure during the month, however, upward revaluation in debt prices at MUFAP gave support. DIF is still an extremely attractive investments for investors looking to take advantage of the reversals and capital gains.

* Limited Breack, ** Credit Rating