



DAWOOD CAPITAL MANAGEMENT LIMITED

Treasure Chest - January 2011

PAKISTAN ECONOMIC UPDATES

Economic Updates

The domestic political environment remained relatively stable during the month due to the reversal of petroleum prices hike. However, rising inflation remained a cause of big concern for the country's economy. SBP maintained the discount rate at the previous level in its latest monetary policy with commitment from government to improve prevailing circumstances including curtailing of inflation.

Stock Market Updates

Stock market continued to perform well during the month started with index of 12,022.46 points and closed at 12,359.36 points with a gain of 2.80% MoM basis. The rally was mainly fuelled with continuous foreign buying throughout the sessions with positive anticipation of MTS at the local level. However, intraday trading was also observed which kept the market slow with fewer corrections.

Debt Market Updates

SBP maintained the discount rate to the previous level of 14% in its latest monetary policy against the expectation of 50pbs rise, keeping faith on the government to perform positive on economic reforms. It includes curtailing of inflation and reducing borrowing from the central bank. Failing to which would cause further tightening in the monetary system.

INVESTMENT COMMITTEE		CUTT-OFF TIMINGS OF FUNDS		
Muhammad Saleem Munshi	Chief Investment Officer		Cut-Off Timings	
Tara Uzra Dawood	Fund Manager - Acting		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
				9:00 AM - 5:00 PM
				9:00 AM - 1:30 PM
				9:00 AM - 12:00 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 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 345.40 Million
NAV	PKR 70.9719
Wt. Avg. Time To Maturity	2.90 Years
Standard Deviation	0.96%
Sharpe Ratio	0.02
Information Ratio	-0.01
VAMI	1.08

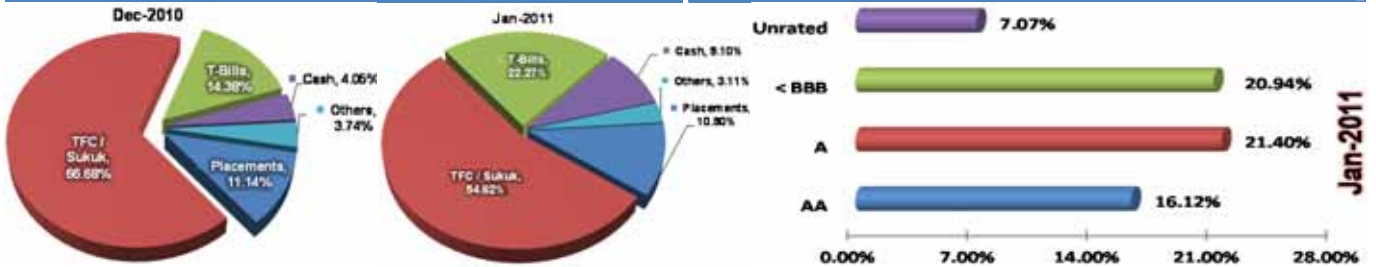
Returns	Dec-10	Jan-11
DMMF	13.09%	-6.23%
Benchmark	13.60%	13.73%
Alpha	-0.51%	-19.96%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
-6.23%	6.65%	10.27%	13.60%

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	Dec-2010	Jan-2011
Placements	11.14%	10.90%
TFC / Sukuk	66.68%	54.62%
T-Bills	14.38%	22.27%
Cash	4.05%	9.10%
Others	3.74%	3.11%

Credit Quality	Dec-2010	Jan-2011
AA	16.36%	16.12%
A	32.42%	21.40%
< BBB	21.46%	20.94%
Unrated	7.58%	7.07%



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	16.26%	16.12%
Optimus Ltd. *	TFC	40,547,742	-	40,547,742	11.74%	11.64%
Invest Capital Investment Bank Ltd. *, **	COM	47,500,000	9,500,000	38,000,000	11.00%	10.90%
Invest Capital Investment Bank Ltd. *, **	TFC	22,500,000	-	22,500,000	6.51%	6.46%
Invest Capital Investment Bank Ltd. *, **	Sukuk	15,569,441	3,113,888	12,455,553	3.61%	3.57%
Dewan Cement Ltd. **	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd. **	TFC	3,937,500	-	3,937,500	1.14%	1.13%
New Allied Electronics Industries Ltd. **	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd. **	TFC	29,286,874	-	29,286,874	8.48%	8.40%
Trust Investment Bank Ltd. **	COI	18,541,359	18,541,359	-	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	20,703,222	-	20,703,222	5.99%	5.94%
Total		525,182,351	301,588,437	223,593,914	64.74%	64.16%

DMMF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Engro Fertilizer Ltd.	TFC	16.16%
Optimus Ltd.	TFC	11.67%
Invest Capital Investment Bank Ltd.	COM	10.94%
Trust Investment Bank Ltd.	TFC	8.43%
Invest Capital and Investment Bank Ltd.	TFC	6.47%
Kohat Cement Company Ltd.	TFC	5.96%
Invest Capital and Investment Bank Ltd.	TFC	3.58%
Trakker Pakistan Ltd. *	TFC	1.37%
Grays Leasing Company Ltd.	TFC	1.13%
Total		65.71%

FUND MANAGER'S COMMENTS
During the month of January, DMMF declined by 6.23% pa. This decline was due to the downward revaluation of debt securities at MUFAP. We are at the opinion that these values will recover in the long run which makes 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

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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 (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 (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 343.41 Million
NAV	PKR 111.3373
Wt. Avg. Time To Maturity	4.44 Years
Standard Deviation	6.84%
Sharpe Ratio	0.12
Information Ratio	0.06
Sortino Ratio	0.60
VAMI	1.13

Returns	Dec-2010	Jan-2011
DIF	-1.96%	-0.10%
Benchmark	1.80%	1.53%
Alpha	-3.76%	-1.63%

HISTORIC RETURNS

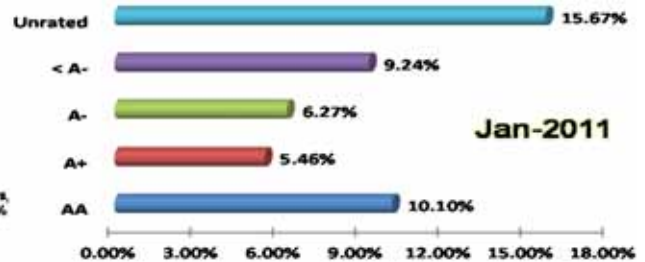
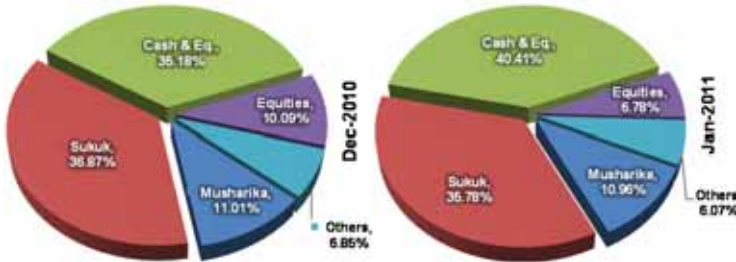
1 Month	3 Months	6 Months	YTD
-0.10%	-1.81%	10.57%	12.52%

INVESTMENT OBJECTIVE

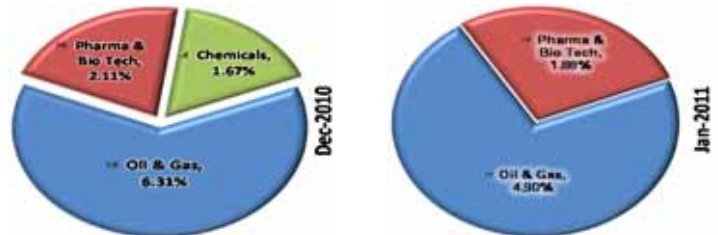
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Dec-2010	Jan-2011
Musharika	11.01%	10.96%
Sukuk	36.87%	35.78%
Cash & Eq.	35.18%	40.41%
Equities	10.09%	6.78%
Others	6.85%	6.07%

Credit Quality	Dec-2010	Jan-2011
AA	10.14%	10.10%
A+	5.76%	5.46%
A-	6.98%	6.27%
< A-	9.28%	9.24%
Unrated	15.72%	15.67%



Equity Allocation	Dec-2010	Jan-2011
Oil & Gas	6.31%	4.90%
Pharma & Bio Tech	2.11%	1.88%
Chemicals	1.67%	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	30,750,981	-	30,750,981	8.95%	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	16,340,349	-	16,340,349	4.76%	4.71%
Invest Capital Investment Bank Limited *, **	COM	47,500,000	9,500,000	38,000,000	11.07%	10.96%
Total		100,914,299	14,527,500	86,386,799	25.16%	24.92%

DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	11.03%
Engro Fertilizer Limited	SUKUK	10.16%
Maple Leaf Cement Factory Limited	SUKUK	8.92%
Shahmurad Sugar Mills Limited	SUKUK	6.31%
Pak Elektron Limited	SUKUK	5.49%
Kohat Cement Company Limited	SUKUK	4.74%
Maple Leaf Cement Factory Limited	SUKUK	0.38%
Total		47.01%

FUND MANAGER'S COMMENTS

During the month of January, DIF NAV decreased by 0.10% as compared to its benchmark which was increased by 1.53%. Thus DIF underperformed by 1.63%. This was due to the decline in debt prices at MUFAP. 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.

* Limited Breack, ** Credit Rating