



DAWOOD CAPITAL MANAGEMENT LIMITED

TREASURE CHEST - JULY 2011

PAKISTAN ECONOMIC UPDATES

Economic Outlook

Amid resignation of SBP governor the new acting governor surprised everyone by reducing the repo rate at 13.50 percent. Foreign exchange reserves as on July 30, 2011 stood at \$18.312 bn of which \$14.778 bn was held by the SBP and the rest with banks. Also the report came which claims that FBR was short of Rs. 38 bn to reach the revenue collection target for the FY ended 2010-11. External account for FY11 has ended by posting a current account surplus US\$ 501 mn during June 2011. The net current account posted a surplus of \$542 mn in 2010-11 led by exports of \$25 bn and home remittances of \$11.2 bn. Data suggest that total gross investment by the private sector in 2010-11 at 13.4% of GDP was the lowest since 1973-74. Inflation surged to 13.77% during the first month of the ongoing financial year 2011-2012 (July) against the same period of last year, Federal Bureau of Statistics reported. Analysts expect a further increase in the days to come because of rise in the demand for food items during Ramadan.

Stock Market Review:

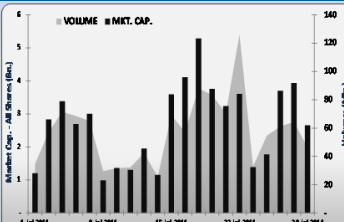
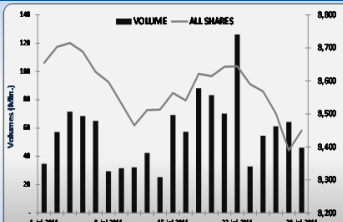
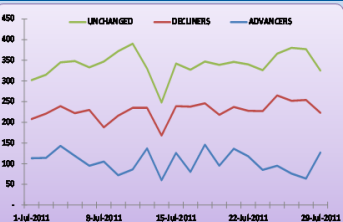
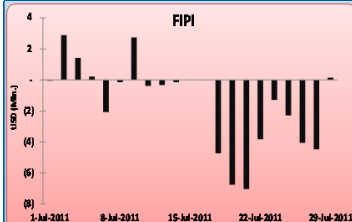
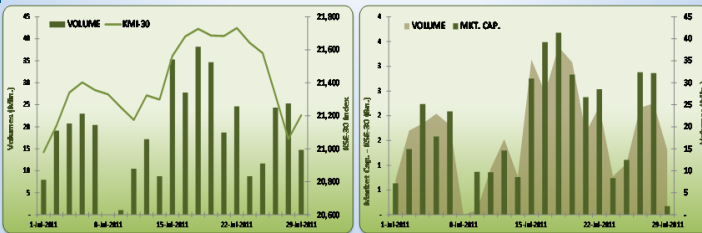
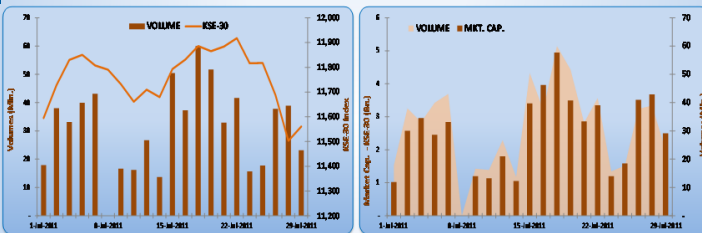
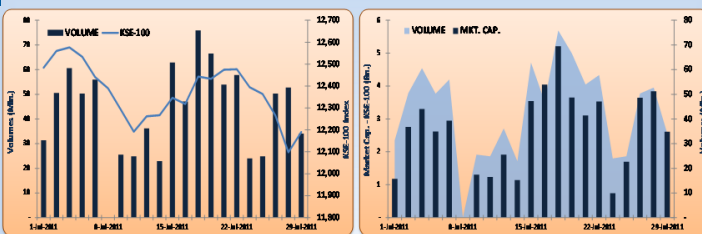
Stock Market was mainly hit due to worsening law and order situation in Karachi along with in the wake of US debt concerns and global economic uncertainty. The market remained bearish throughout the month and volume remained very low at daily average of 58 mn shares. Despite strong quarterly corporate earnings, from banking stocks, fertilizer stocks and Lucky Cement the market lost 305 points or declined by 2.5% on MoM basis to close at 12,190 level.

Fixed Income / Money Market Review

The Central Bank decreased the policy discount rate by 50bps to 13.50%, under its latest monetary policy statement announced on July 30, 2011. This is the first cut in policy rate since November 2009 and comes after a 150 bps tightening cycle during IHFY 2011. During the month State Bank conducted a Treasury Bill auction and raised an amount of Rs. 242 bn under the two T-Bills auctions conducted during the month. The latest auction stood at 13.52% for 3 month T-bills, 13.76% for 6 month T-bills and 13.90% for 12 month tenor T-Bills.

STOCK MARKET STATISTICS

Index	Jul-11	Jun-11	Return	Avg. Vol.	M. Cap.	Part.	Jul-11	Jun-11
KSE-100	12,190.37	12,496.03	-2.45%	43.25	2.61	Avg. Vol.	57.71 M	75.14 M
KSE-30	11,560.23	11,586.49	-0.23%	31.08	2.50	Mkt. Cap.	2.66 B	1.71 B
KMI-30	21,203.61	20,936.20	1.28%	18.70	0.17	FIPI	\$ (30.14) M	\$ 21.60 M
All-Shares	8,449.87	8,663.10	-2.46%	57.71	2.66	6M KIBOR	13.80%	13.78%



INVESTMENT COMMITTEE

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

CUTT-OFF TIMINGS OF FUNDS

	Cut-Off Timings		
	Business Day	Business Hours	Cut-Off Timings
DMF	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
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 INCOME FUND (FORMERLY DAWOOD MONEY MARKET FUND)

TREASURE CHEST - JULY 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	AM4+
Stability Rating	A-

PERFORMANCE STATISTICS

Net Assets	PKR 444.53 Million
NAV	PKR 73.9004
Wt. Avg. Time To Maturity	1.10 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
VAMI	1.01

Returns	Jul-2011	Jun-2011
DIF (DMMF)	18.06%	41.64%
Benchmark	13.80%	13.54%
Alpha	4.26%	28.10%

HISTORIC RETURNS

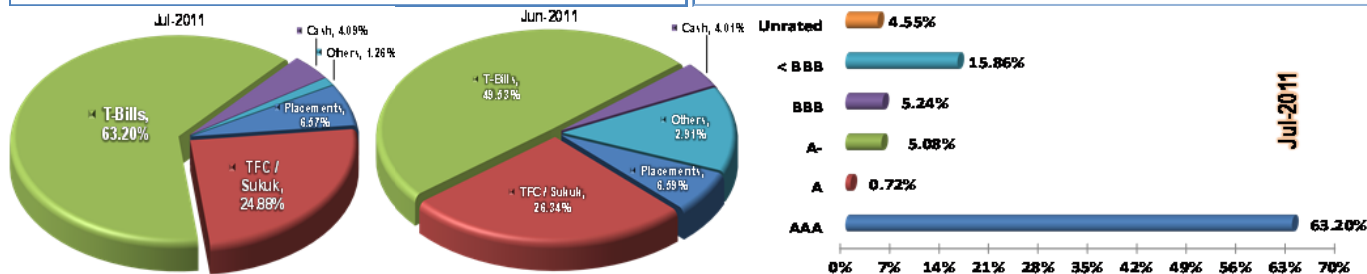
1 Month	3 Months	6 Months	YTD
18.06%	30.17%	45.64%	18.06%

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	Jul-2011	Jun-2011
Placements	6.57%	6.59%
TFC / Sukuk	24.88%	26.34%
T-Bills	63.20%	49.53%
Cash	4.09%	4.01%
Others	1.26%	13.53%

Credit Quality	Jul-2011	Jun-2011
AAA	63.20%	49.53%
A	0.72%	0.70%
A-	5.08%	5.05%
BBB	5.24%	6.53%
< BBB	15.86%	15.72%
Unrated	4.55%	4.93%



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	40,500,000	10,966,183	29,533,817	6.64%	6.57%
Invest Capital Investment Bank Ltd.	TFC	30,000,000	13,500,000	16,500,000	3.71%	3.67%
Invest Capital Investment Bank Ltd.	TFC	15,569,441	7,006,248	8,563,193	1.93%	1.91%
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	9,541,359	9,541,359	-	0.00%	0.00%
Pace Pakistan Limited	TFC	9,403,856	-	9,403,856	2.12%	2.09%
Kohat Cement Company Ltd.	SUKUK	20,440,232	-	20,440,232	4.60%	4.55%
Eden Housing Ltd.	SUKUK	7,258,184	-	7,258,184	1.63%	1.62%
Total		308,146,261	216,446,980	91,699,281	20.63%	20.41%

DIF(DMMF) TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	6.64%
Trust Investment Bank Ltd.	TFC	5.30%
Avari Hotels (Pvt) Ltd.	TFC	5.14%
Kohat Cement Company Ltd.	SUKUK	4.60%
Invest Capital and Investment Bank Ltd.	TFC	3.71%
Pace Pakistan Limited	TFC	2.12%
Invest Capital and Investment Bank Ltd.	TFC	1.93%
Eden Housing Ltd.	SUKUK	1.63%
Trakker Pakistan Ltd.	TFC	0.56%
Escort Investment Bank Ltd.	TFC	0.16%
Total		31.79%

FUND MANAGER'S COMMENTS

During the month of July, DIF again shown an exceptional return of 18.06% pa. This increase was due to the capital gains on debt securities making DIF an extremely attractive investment for investors looking to take the advantage of the reversals and capital gains. DIF will continue to follow the same momentum in upcoming months as well.



DAWOOD ISLAMIC FUND

TREASURE CHEST - JULY 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	AM4+

PERFORMANCE STATISTICS

Net Assets	PKR 329.05 Million
NAV	PKR 102.0238
Wt. Avg. Time To Maturity	2.32 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
Sortino Ratio	N/A
VAMI	1.00

Returns	Jul-2011	Jun-2011
DIF	0.26%	-4.08%
Benchmark	0.32%	0.37%
Alpha	-0.06%	-4.45%

HISTORIC RETURNS

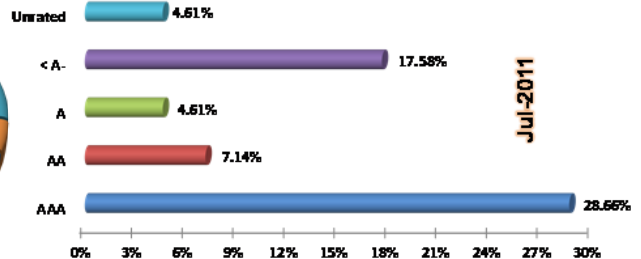
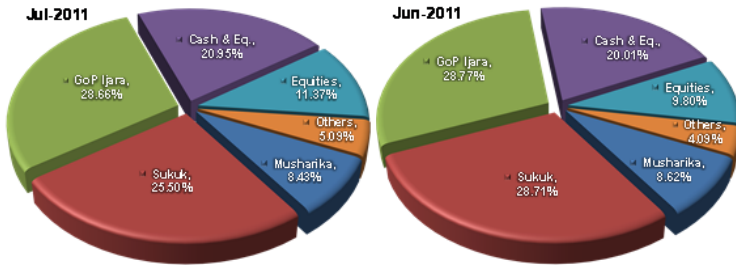
1 Month	3 Months	6 Months	YTD
0.26%	-2.68%	1.07%	0.26%

INVESTMENT OBJECTIVE

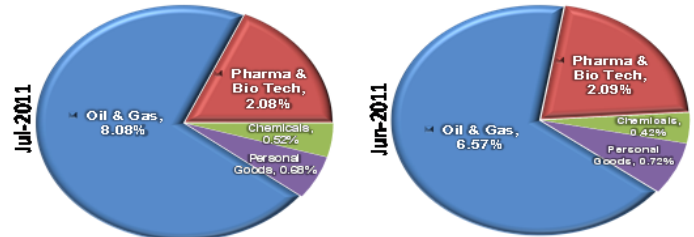
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Jul-2011	Jun-2011
Musharika	8.43%	8.62%
Sukuk	25.50%	28.71%
GoP Ijara	28.66%	28.77%
Cash & Eq.	20.95%	20.01%
Equities	11.37%	9.80%
Others	5.09%	4.09%

Credit Quality	Jul-2011	Jun-2011
AAA	28.66%	28.77%
AA	7.14%	10.03%
A	4.61%	0.00%
< A-	17.58%	17.80%
Unrated	4.61%	4.62%
A+	0.00%	4.88%



Equity Allocation	Jul-2011	Jun-2011
Oil & Gas	8.08%	6.57%
Pharma & Bio Tech	2.08%	2.09%
Chemicals	0.52%	0.42%
Personal Goods	0.68%	0.72%



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	9.34%	8.78%
Maple Leaf Cement Factory Limited	Sukuk	1,295,469	-	1,295,469	0.39%	0.37%
New Allied Electronics Industries Limited	Sukuk	5,027,500	5,027,500	-	0.00%	0.00%
Kohat Cement Company Limited	Sukuk	1,132,780	-	1,132,780	4.90%	4.61%
Invest Capital Investment Bank Limited	COM	40,500,000	10,966,183	29,533,817	8.98%	8.43%
Total		93,693,650	15,993,683	77,699,967	23.61%	22.18%

DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Gop Ijarah	SUKUK	30.51%
Maple Leaf Cement Factory Limited	SUKUK	9.34%
Invest Capital Investment Bank Ltd.	COM	8.98%
Engro Fertilizer Limited	SUKUK	7.60%
Pak Elektron Limited	SUKUK	4.91%
Kohat Cement Company Limited	SUKUK	4.90%
Maple Leaf Cement Factory Limited	SUKUK	0.39%
Total		66.63%

FUND MANAGER'S COMMENTS

During the month of July, DIF NAV increased by 0.26% as compared to its benchmark which was increased by 0.32%. Thus DIF underperformed by 0.06%. 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 - JULY 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	AM4+
Stability Rating	Not Rated

PERFORMANCE STATISTICS	
Net Assets	PKR 546.57 Million
NAV	PKR 9.41
Wt. Avg. Time To Maturity	0.97 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
VAMI	0.99

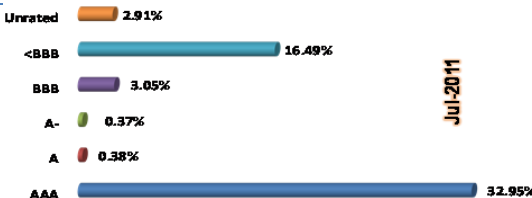
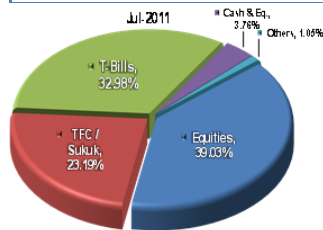
Returns	Jul-2011
FDMF	-0.84%
Benchmark	-0.65%
Alpha	-0.19%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
-0.84%	-3.29%	-1.67%	-0.84%

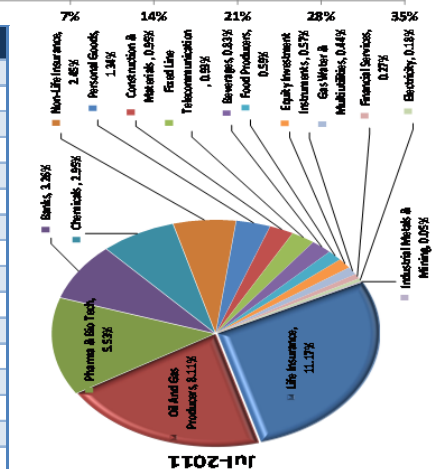
INVESTMENT OBJECTIVE
To preserve the investor's capital while providing a return greater than that offered by other investments of similar risk profile through investments in a mixed portfolio of money market, fixed income and stocks.

Asset Mix	Jul-2011
Equities	39.03%
TFC / Sukuk	23.19%
T-Bills	32.98%
Cash & Eq.	3.76%
Others	1.05%

Credit Quality	Jul-2011
AAA	32.95%
A	0.38%
A-	0.37%
BBB	3.05%
<BBB	16.49%
Unrated	2.91%



Equity Allocation	Jul-2011
Life Insurance	11.17%
Oil And Gas Producers	8.11%
Pharma & Bio Tech	5.53%
Banks	3.26%
Chemicals	2.95%
Non-Life Insurance	2.45%
Personal Goods	1.34%
Construction & Materials	0.95%
Fixed Line Telecommunication	0.93%
Beverages	0.83%
Food Producers	0.59%
Equity Investment Instruments	0.57%
Gas Water & Multiutilities	0.44%
Financial Services	0.27%
Electricity	0.18%
Industrial Metals & Mining	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	6.94%	6.84%
Maple Leaf Cement Factory Limited	SUKUK	1598,214	-	1598,214	0.29%	0.29%
Pace Pakistan Limited	TFC	6,717,040	-	6,717,040	1.23%	1.21%
B.R.R. Guardian Modaraba	TFC	18,750,000	-	18,750,000	3.43%	3.38%
Amtext Ltd	SUKUK	15,750,000	(6,750,000)	22,500,000	2.88%	2.84%
Invest Capital and Investment Bank Ltd.	TFC	10,703,995	(8,757,814)	19,461,809	1.96%	1.93%
New Allied Electronics Industries Ltd.	TFC	-	(7,366,577)	7,366,577	0.00%	0.00%
Kohat Cement Company Ltd.	SUKUK	16,132,780	-	16,132,780	2.95%	2.91%
Total		107,577,241	(22,874,391)	130,451,632	19.68%	19.39%

DIF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Maple Leaf Cement Factory Limited	SUKUK	6.94%
B.R.R. Guardian Modaraba	SUKUK	3.43%
Kohat Cement Company Ltd.	SUL	2.95%
Amtext Ltd.	SUKUK	2.88%
Trust Investment Bank Ltd.	TFC	2.15%
Invest Capital and Investment Bank Ltd.	TFC	1.96%
Pace Pakistan Limited	TFC	1.23%
Telecard Limited	TFC	0.94%
Avani Hotels (Pvt) Ltd.	TFC	0.38%
Maple Leaf Cement Factory Limited	SUKUK	0.29%
Total		23.15%

FUND MANAGER'S COMMENTS
During the month of July, FDMF had a return of -0.84% against the benchmark of -0.65%. Thus FDMF underperformed by -0.19%. 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.