

### PAKISTAN ECONOMIC UPDATES

#### Economic Outlook

Electricity shortfall rises to 5,000 Megawatts as energy sector struggles to operate with circular debt. Uzbekistan has offered help to cater some of the need. Oil marketing companies were strongly enforced to have adequate 20 days reserves in stock to face any unusual circumstances. State Bank of Pakistan has asked the banks to submit a report disclosing the write off loans over specific amount on the orders of Supreme Court. State Bank has also reported for the eleven months the decrease of foreign direct investment in the company by \$1.39 billion and remittances over \$10 billion which is a record. Islamabad will be provided with Rs 40 billion assistance by an agreement signed between Germany and EU. FBR has achieved the target of their revenue collection for the fiscal year 2010-11. Foreign Reserves stood at \$ 17.47 billion at month end. Sharp drop in textile and cotton prices in international market has reduced the export figures as compare to the previous months figure. Due to crisis in Greek Pakistani government has postponed what it planned earlier to issue \$500 million of OGDC bonds.

#### Stock Market Review:

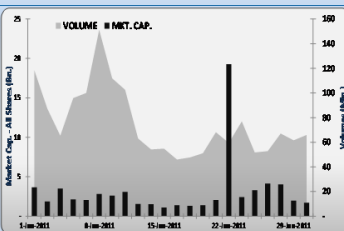
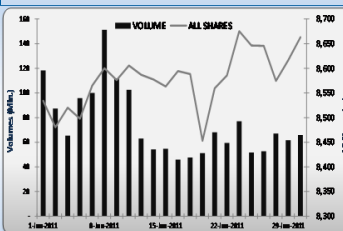
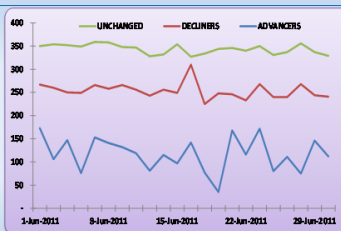
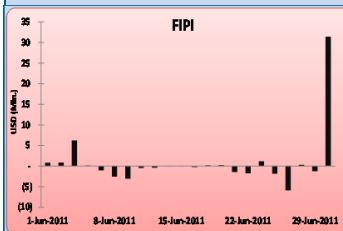
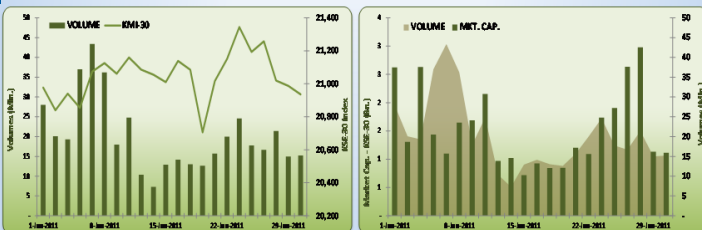
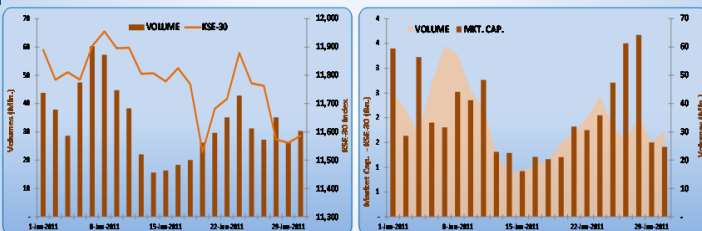
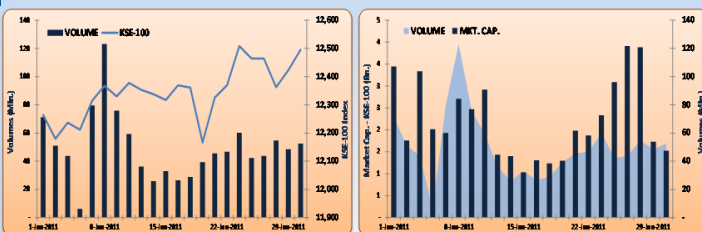
International Steels chairman Kemal Shoaib rang the opening bell at the Karachi Stock Exchange (KSE) on Wednesday(1st June) morning to mark the commencement of the company's trading at the bourse. The month began positive as the market was hoping reduction in Capital Gain Tax(CGT) in the budget announcement but there was nothing about CGT in the budget. However, recently after the budget market didn't fall much as analyst expected perhaps because of corporation tax for banks and insurance companies remain untouched in the budget. Pakistan Petroleum Limited's emergency board meeting disappointed investors as a cash payout of only Rs5 was announced, against expectations of Rs8-10. Fertilizer and Chemical sector remained the most traded one in the month. Engro Corp was under pressure due to not enough gas supply and the scrip is down by 16.76% in the month of June. Nestle Pakistan was the major performer and it helped the index in gaining strength. Nestle rose 66.69 percent during the month.

#### Fixed Income / Money Market Review

Money Market remained mixed during the month. The state Bank of Pakistan collected Rs 393 billion under the 3 T-Bills auctions.yields under the latest auction stood at 13.46% for 3 month T-bills, 13.72% for 6 month T-bills and 13.90% for 12 month tenor T-bills. During the month a PIB auction was also held where Rs.26.865 bn were accepted by the SBP.

#### STOCK MARKET STATISTICS

Index	Jun-11	May-11	Return	Avg. Vol.	M. Cap.	Part.	Jun-11	May-11
KSE-100	8,645.56	12,123.15	-28.69%	67.07	4.15	Avg. Vol.	75.14 M	71.39 M
KSE-30	8,574.51	11,762.76	-27.10%	61.59	4.02	Mkt. Cap.	1.71 B	1.71 B
KMI-30	8,616.54	20,628.89	-58.23%	65.93	1.98	FIPI	\$ 21.60 M	\$ 26.37 M
All-Shares	8,663.10	8,439.75	2.65%	75.14	1.71	6M KIBOR	13.78%	13.64%



#### INVESTMENT COMMITTEE

Tara Uzra Dawood	Chief Investment Officer - Acting
Muhammad Aslam	Assistant Fund Manager
Syed Kabiruddin	Member

#### 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 - JUNE 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 452.13 Million
NAV	PKR 83.9655
Wt. Avg. Time To Maturity	2.32 Years
Standard Deviation	1.73%
Sharpe Ratio	0.6
Information Ratio	0.58
VAMI	1.28

Returns	Jun-2011	May-2011
<b>DMMF</b>	<b>41.64%</b>	<b>35.18%</b>
<b>Benchmark</b>	<b>13.78%</b>	<b>13.64%</b>
Alpha	27.86%	21.54%

## HISTORIC RETURNS

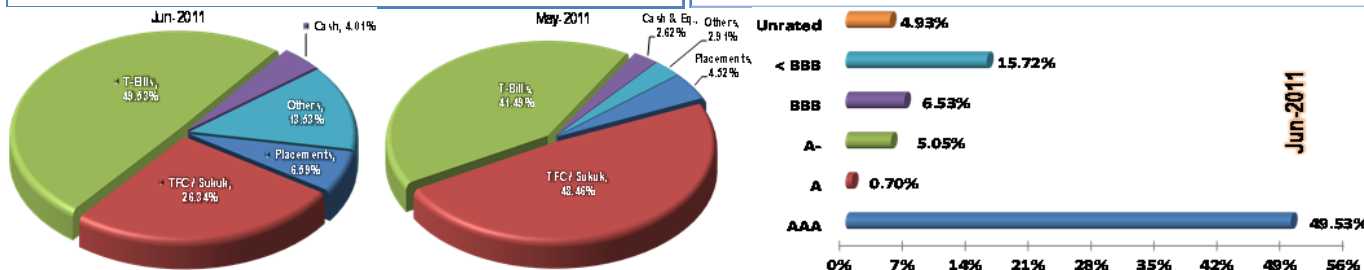
1 Month	3 Months	6 Months	YTD
41.64%	40.94%	40.53%	28.31%

## 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	Jun-2011	May-2011
Placements	6.59%	4.52%
TFC / Sukuk	26.34%	48.46%
T-Bills	49.53%	41.49%
Cash	4.01%	2.62%
Others	13.53%	2.91%

Credit Quality	Jun-2011	May-2011
AAA	49.53%	41.49%
A	0.70%	11.20%
A-	5.05%	4.85%
BBB	6.53%	6.33%
< BBB	15.72%	13.50%
Unrated	4.93%	5.07%



## 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	41,250,000	11,169,260	30,080,740	6.65%	6.59%
Invest Capital Investment Bank Ltd. **	TFC	30,000,000	13,500,000	16,500,000	3.65%	3.61%
Invest Capital Investment Bank Ltd. **	Sukuk	15,569,441	7,006,248	8,563,193	1.89%	1.88%
Dewan Cement Ltd. **	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd. **	TFC	2,062,500	-	2,062,500	0.46%	0.45%
New Allied Electronics Industries Ltd. **	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd. **	COI	11,041,359	11,041,359	-	0.00%	0.00%
Pace Pakistan Limited **	TFC	9,403,856	-	9,403,856	2.08%	2.06%
Kohat Cement Company Ltd. **	SUKUK	20,440,232	-	20,440,232	4.52%	4.48%
Eden Housing Ltd. **	SUKUK	7,258,184	-	7,258,184	1.61%	1.59%
Trust Investment Bank Ltd. **	TFC	29,814,913	-	29,814,913	6.59%	6.53%
<b>Total</b>		<b>342,273,674</b>	<b>218,150,057</b>	<b>124,123,617</b>	<b>27.45%</b>	<b>27.18%</b>

## DMMF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	6.65%
Trust Investment Bank Ltd. - TFC 04-07-08	TFC	6.59%
Avari Hotels (Pvt) Ltd - TFC 01-11-07	TFC	5.10%
Kohat Cement Company Ltd. - SUKUK 13-12-07	TFC	4.52%
Invest Capital and Investment Bank Ltd. - TFC 05-05	TFC	3.65%
Pace Pakistan Limited - TFC 15-02-08	TFC	2.08%
Invest Capital and Investment Bank Ltd. - TFC 12-05	TFC	1.89%
Eden Housing Ltd. - SUKUK 31-03-08	TFC	1.61%
Trakker Pakistan Ltd. - TFC 15-09-07	TFC	0.55%
Grays Leasing Company Ltd. - TFC 04-07-08	TFC	0.46%
<b>Total</b>		<b>33.10%</b>

## FUND MANAGER'S COMMENTS

During the month of June, DIF again shown an exceptional return of 41.64% 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.

\* Limit Breach, \*\* Credit Rating



# DAWOOD ISLAMIC FUND

TREASURE CHEST - JUNE 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 344.30 Million
NAV	PKR 112.2587
Wt. Avg. Time To Maturity	3.81 Years
Standard Deviation	5.36%
Sharpe Ratio	0.01
Information Ratio	0.01
Sortino Ratio	0.50
VAMI	1.13

Returns	Jun-2011	May-2011
DIF	-4.08%	1.22%
Benchmark	0.68%	0.57%
Alpha	-4.76%	0.64%

## HISTORIC RETURNS

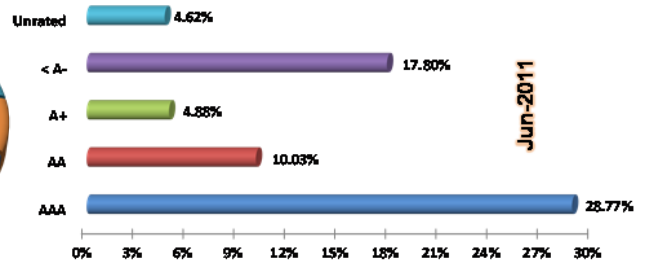
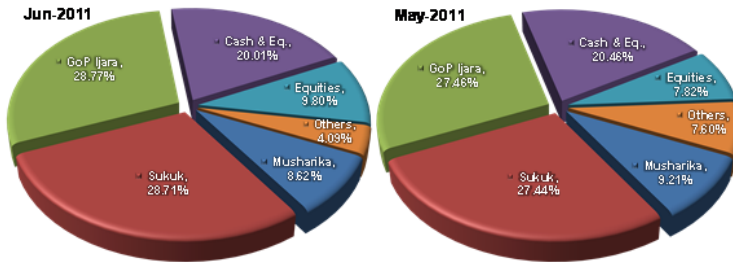
1 Month	3 Months	6 Months	YTD
-4.08%	-2.04%	0.73%	13.45%

## INVESTMENT OBJECTIVE

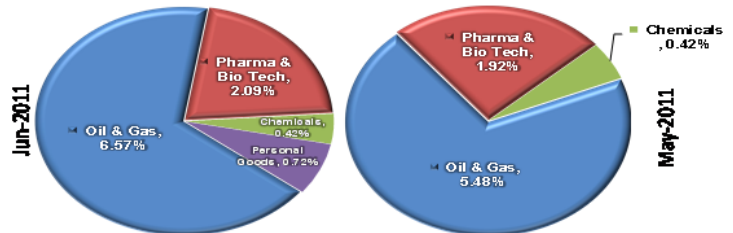
To provide Riba-Free **"Halal Munafa"** to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Jun-2011	May-2011
Musharika	8.62%	9.21%
Sukuk	28.71%	27.44%
GoP Ijara	28.77%	27.46%
Cash & Eq.	20.01%	20.46%
Equities	9.80%	7.82%
Others	4.09%	7.60%

Credit Quality	Jun-2011	May-2011
AAA	28.77%	27.46%
AA	10.03%	9.60%
A+	4.88%	4.63%
< A-	17.80%	18.00%
Unrated	4.62%	4.42%



Equity Allocation	Jun-2011	May-2011
Oil & Gas	6.57%	5.48%
Pharma & Bio Tech	2.09%	1.92%
Chemicals	0.42%	0.42%
Personal Goods	0.72%	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	30,737,902	-	30,737,902	8.93%	8.81%
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	16,132,780	-	16,132,780	4.69%	4.62%
Invest Capital Investment Bank Limited *	COM	41,250,000	11,69,260	30,080,740	8.74%	8.62%
<b>Total</b>		<b>94,443,650</b>	<b>16,196,760</b>	<b>78,246,890</b>	<b>22.73%</b>	<b>22.42%</b>

## DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
GoP Ijarah	SUKUK	29.16%
Engro Fertilizer Limited	SUKUK	10.17%
Maple Leaf Cement Factory Limited	SUKUK	8.93%
Invest Capital Investment Bank Ltd.	COM	8.74%
Pak Elektron Limited	SUKUK	4.94%
Kohat Cement Company Limited	SUKUK	4.69%
Maple Leaf Cement Factory Limited	SUKUK	0.38%
<b>Total</b>		<b>67.00%</b>

## FUND MANAGER'S COMMENTS

During the month of June, DIF NAV decreased by 4.08% as compared to its benchmark which was increased by 0.68%. Thus DIF underperformed by 4.76%. 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.

\* Credit Rating