



# DAWOOD CAPITAL MANAGEMENT LIMITED

Treasure Chest - March 2011

## PAKISTAN ECONOMIC UPDATES

### Economic Updates

Net foreign aid to Pakistan has turned negative. This means that Pakistan is now paying more in debt servicing than receiving in new loans and aid. Net foreign aid was a negative US\$455 million in 2009 and increased to a negative US\$964 million in 2010 (Source: Dawn, March 21, 2011). It is important that the main focus of this Government should also be to restructure Pakistan's debt, otherwise we carry a high probability of falling back into this vicious circle of borrowing at a higher rate to pay off loans taken earlier at a lower rate.

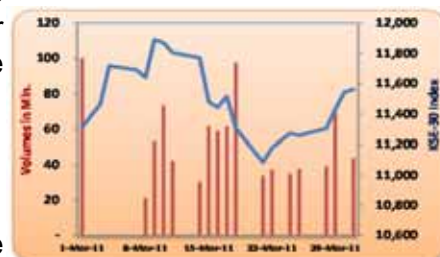
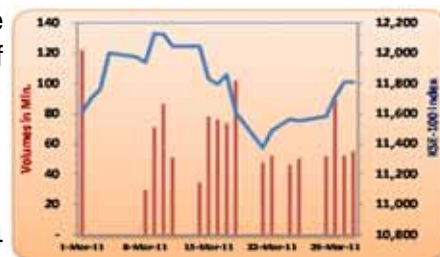
### Stock Market Review

KSE-100 witnessed a gain of 520.32 points to close at 11,809.54 points posting a positive return of 4.61%. Market started with positive outlook in anticipation of launch of the leverage product but fell after the actual launch. However market recovered in the last week to close the month on positive note.

### Money Market Review

The State Bank of Pakistan (SBP) kept the Discount/ Policy rate unchanged at 14% in March, as was the case in January Monetary Policy Announcement. Resultantly, there has been a shift in market's preference for six months T-Bills as compared to earlier focus in three months paper only, witnessed during last six months.

Market Statistics			
Index	Mar-11	Feb-11	Return
KSE-100	11,809.54	11,289.22	4.61%
KSE-30	11,561.50	10,940.68	5.67%
KMI-30	20,063.68	18,671.73	7.45%
All-Shares	8,225.74	7,855.24	4.72%



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

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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
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 381.77 Million
NAV	PKR 77.0802
Wt. Avg. Time To Maturity	1.89 Years
Standard Deviation	1.94%
Sharpe Ratio	0.4
Information Ratio	0.39
VAMI	1.18

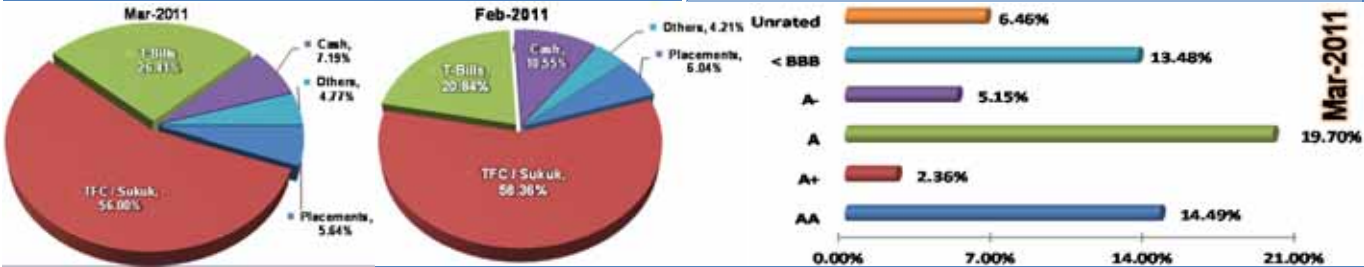
Returns	Mar-11	Feb-11
<b>DMMF</b>	<b>38.44%</b>	<b>121.48%</b>
<b>Benchmark</b>	<b>13.74%</b>	<b>13.76%</b>
Alpha	24.70%	107.72%

HISTORIC RETURNS			
1 Month	3 Months	6 Months	YTD
38.44%	40.11%	24.79%	24.37%

**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	Mar-2011	Feb-2011
Placements	5.64%	6.04%
TFC / Sukuk	56.00%	58.36%
T-Bills	26.41%	20.84%
Cash	7.19%	10.55%
Others	4.77%	4.21%

Credit Quality	Mar-2011	Feb-2011
AA	14.49%	15.08%
A+	2.36%	2.44%
A	19.70%	13.70%
A-	5.15%	5.14%
< BBB	13.48%	14.16%
Unrated	6.46%	6.94%
BBB	0.00%	6.95%



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	55,894,648	-	55,894,648	14.64%	14.49%
Optimus Ltd. *	TFC	46,134,330	-	46,134,330	12.08%	11.96%
Invest Capital Investment Bank Ltd. **	COM	43,500,000	21,750,000	21,750,000	5.70%	5.64%
Invest Capital Investment Bank Ltd. **	TFC	30,000,000	15,000,000	15,000,000	3.93%	3.89%
Invest Capital Investment Bank Ltd. **	Sukuk	15,569,441	7,784,721	7,784,721	2.04%	2.02%
Dewan Cement Ltd. **	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd. **	TFC	4,500,000	-	4,500,000	1.18%	1.17%
New Allied Electronics Industries Ltd. **	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd. **	COI	15,541,359	15,541,359	-	0.00%	0.00%
Kohat Cement Company Ltd. **	SUKUK	20,440,232	-	20,440,232	5.35%	5.30%
Eden Housing Ltd. **	SUKUK	7,449,189	-	7,449,189	1.95%	1.93%
Flying Paper & Board **	TFC	40,000,000	40,000,000	-	0.00%	0.00%
<b>Total</b>		<b>454,462,388</b>	<b>275,509,270</b>	<b>178,953,119</b>	<b>46.87%</b>	<b>46.39%</b>

DMMF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Engro Fertilizer Ltd.	TFC	14.64%
Optimus Ltd.	TFC	12.08%
Trust Investment Bank Ltd.	TFC	6.99%
Invest Capital Investment Bank Ltd.	COI	5.70%
Kohat Cement Company Ltd.	SUKUK	5.35%
Avari Hotels (Pvt) Ltd	TFC	5.20%
Invest Capital and Investment Bank Ltd.	TFC	3.93%
Pace Pakistan Limited	TFC	2.38%
Invest Capital and Investment Bank Ltd.	TFC	2.04%
Eden Housing Ltd.	SUKUK	1.95%
<b>Total</b>		<b>60.27%</b>

**FUND MANAGER'S COMMENTS**  
During the month of March, DMMF again shown a handsome increment by 38.44% pa. This increase was due to the capital gains on debt securities making DMMF an extremely attractive investment 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
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 352.80 Million
NAV	PKR 114.5979
Wt. Avg. Time To Maturity	4.84 Years
Standard Deviation	5.97%
Sharpe Ratio	0.12
Information Ratio	0.09
Sortino Ratio	0.59
VAMI	1.16

Returns	Mar-2011	Feb-2011
DIF	2.85%	0.07%
Benchmark	2.18%	-1.35%
Alpha	0.68%	1.42%

## HISTORIC RETURNS

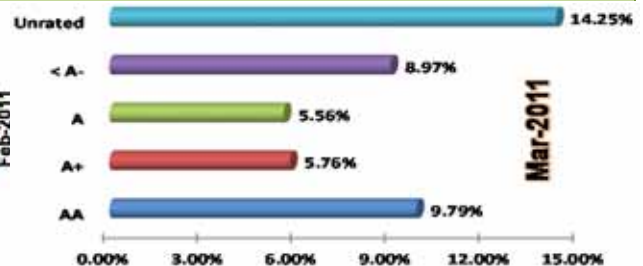
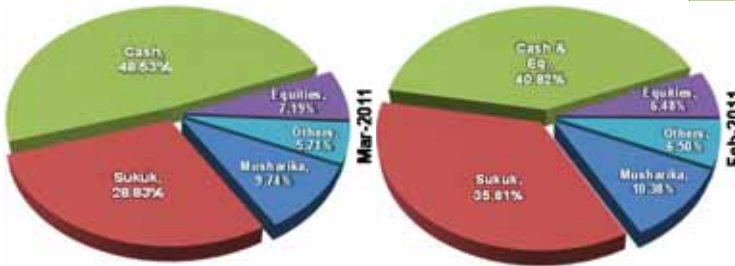
1 Month	3 Months	6 Months	YTD
2.85%	2.83%	-1.72%	15.82%

## INVESTMENT OBJECTIVE

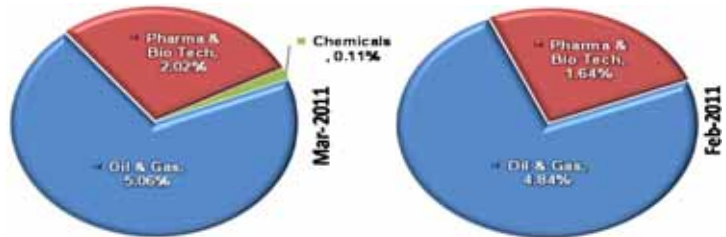
To provide Riba-Free **"Halal Munafa"** to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Mar-2011	Feb-2011
Musharika	9.74%	10.38%
Sukuk	28.83%	35.81%
Cash	48.53%	40.82%
Equities	7.19%	6.48%
Others	5.71%	6.50%

Credit Quality	Mar-2011	Feb-2011
AA	9.79%	10.09%
A	5.56%	5.36%
A-	0.00%	6.41%
< A-	8.97%	9.24%
Unrated	10.60%	15.09%
A+	5.76%	0.00%



Equity Allocation	Mar-2011	Feb-2011
Oil & Gas	5.06%	4.84%
Pharma & Bio Tech	2.02%	1.64%
Chemicals	0.11%	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	30,744,442	-	30,744,442	8.71%	8.60%
Maple Leaf Cement Factory Limited *	Sukuk	1,295,469	-	1,295,469	0.37%	0.36%
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	4.57%	4.51%
Invest Capital Investment Bank Limited *	COM	43,500,000	8,700,000	34,800,000	9.86%	9.74%
<b>Total</b>		<b>96,700,190</b>	<b>13,727,500</b>	<b>82,972,690</b>	<b>23.52%</b>	<b>23.22%</b>

## DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Engro Fertilizer Limited	SUKUK	9.92%
Invest Capital Investment Bank Ltd.	COM	9.86%
Maple Leaf Cement Factory Limited	SUKUK	8.71%
Pak Elektron Limited	SUKUK	5.63%
Kohat Cement Company Limited	SUKUK	4.57%
Maple Leaf Cement Factory Limited	SUKUK	0.37%
New Allied Electronics Industries Limited	SUKUK	0.00%
<b>Total</b>		<b>39.07%</b>

## FUND MANAGER'S COMMENTS

During the month of March, DIF NAV increased by 2.85% as compared to its benchmark which was increased by 2.18%. Thus DIF outperformed by 0.68%. 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.

\* Credit Rating