

PAKISTAN ECONOMIC UPDATES

Economic Outlook

Keeping in mind the concerned of sustainable economic growth the Central Bank kept the rate unchanged at 14%. State Bank of Pakistan sold 3-Year Ijara Sukuk worth PR 45.803 billion. According to the figures reported in May the foreign direct investment for the first ten months (June 2010-April 2011) was lowered by 8.6% to 1.534 billion against 1.678 billion in the corresponding period of last year. Pakistan posted a current account surplus of \$748 million during the first 10 months of the current financial year against a deficit of \$3.456 billion in the corresponding period a year ago on the back of a sharp rise in home remittances from overseas Pakistanis and export receipts. Home remittances have risen by 23.81% in the first ten months and exports have risen by 27.9%. On the other hand FBR continued to struggle to reach the revised target of Rs 1558 billion and during the month of May the provisional figures collected were Rs 160.55 billion reaching around some Rs 1310 billion. Federal Bureau of Statistics reported the CPI of 13.23% as compare 13.04% reported in April. After bouncing back foreign exchange reserve closed at \$17.07 billion.

Stock Market Review:

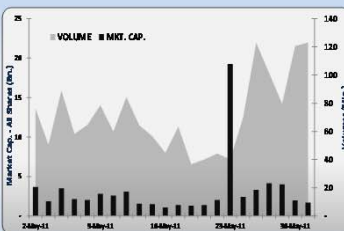
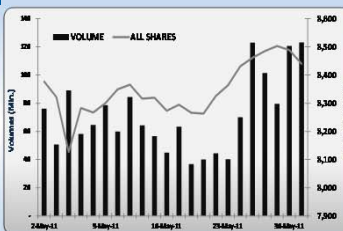
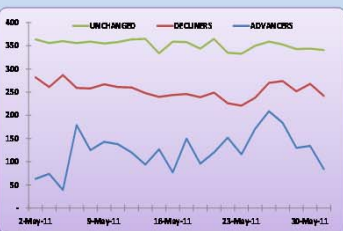
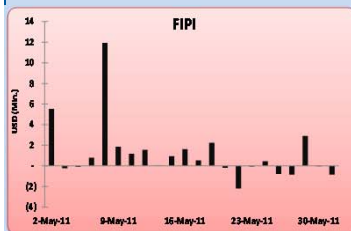
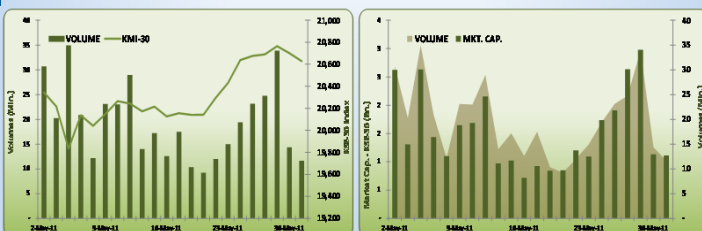
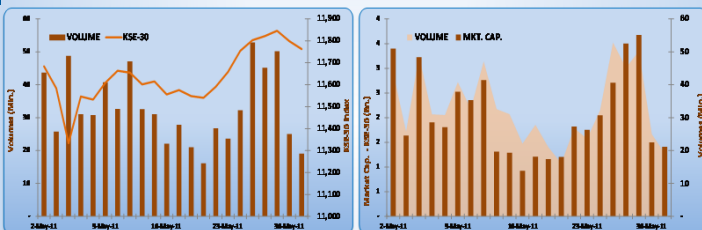
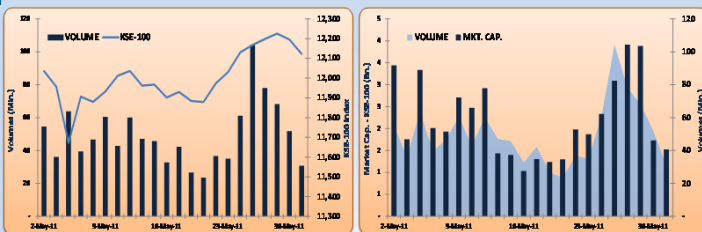
The month began bearish after the news that Osama Bin Laden (OBL) died when US Navy Seal raided the compound in Abbottabad. Market also witnessed second highest dip of 284.9 points for the year so far in the early days of the month. The investor was concerned of the future relationship between Pakistan and America amid the voice from Congress to review the relationship with Pakistan until the news came from UK and US top officials voiced out that Pakistan remains the key partner. The mid of the month remained bullish and market performed positively. The formation of alliance between the political parties also helped the market. The possible exemption of Capital Gain Tax also helped the market to remain positive during the mid days. However, market snapped the green numbers and the last two days of the market saw numbers in red colors and the market closed at 12,123.15 points as compare to the closure at 12,057.54 points in April, gaining 65.61 points. Lotte Pakistan and Jahangir Siddiqui were the most active scrip over all in the month. Overall market remained thin.

Fixed Income / Money Market Review

The money market remained mix on rates but remained above 13% throughout the month. SBP issued Ijara Sukuk 13.45% pa. SBP decided to keep its rate unchanged on May 21, 2011 to 14%. Treasury bills were auctioned twice and central bank gathered PR 436 billion from it. The rates for the last T-Bill auction are 13.20%, 13.59%, 13.84% for 3, 6 and 12 months respectively. It looks like money market will remain in pressure in the upcoming months.

STOCK MARKET STATISTICS

Index	May-11	Apr-11	Return	Avg. Vol.	M. Cap.	Part.	May-11	Apr-11
KSE-100	12,123.15	12,057.54	0.54%	49.46	1.53	Avg. Vol.	71.39 M	75.52 M
KSE-30	11,762.76	11,716.35	0.40%	33.02	1.41	Mkt. Cap.	1.71 B	5.30 B
KMI-30	20,628.89	20,415.39	1.05%	19.50	1.11	FIPI	\$ 26.37 M	\$(7.35) M
All-Shares	8,439.75	8,397.81	0.50%	71.39	1.71	6M KIBOR	13.64%	13.73%



INVESTMENT COMMITTEE		CUTT-OFF TIMINGS OF FUNDS			DAWOOD CAPITAL MANAGEMENT LIMITED	
Tara Uzra Dawood	Chief Investment Officer - Acting	DMMF	Cut-Off Timings			5B Lakson Square Building No. 1, Sarwar Shaheed Road, Karachi-74200, Pakistan Tel: (92 21) 35621001-6 Fax: (92 21) 35621010 Email: dcm@firstdawood.com URL: www.edawood.com
Muhammad Aslam	Assistant Fund Manager		Business Day	Business Hours	Cut-Off Timings	
Syed Kabiruddin	Member	DIF	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	

PREMIER SAVINGS PLANS FOR INDIVIDUAL INVESTORS

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DAWOOD MONEY MARKET FUND

Treasure Chest - May 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 460.39 Million
NAV	PKR 81.5970
Wt. Avg. Time To Maturity	2.76 Years
Standard Deviation	1.79%
Sharpe Ratio	0.54
Information Ratio	0.52
VAMI	1.25

Returns	May-2011	Apr-2011
DMMF	35.18%	46.42%
Benchmark	13.64%	13.73%
Alpha	21.54%	32.69%

HISTORIC RETURNS

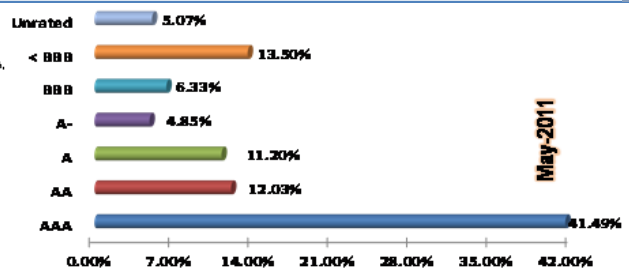
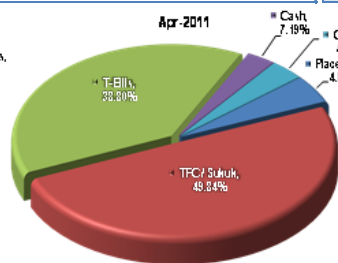
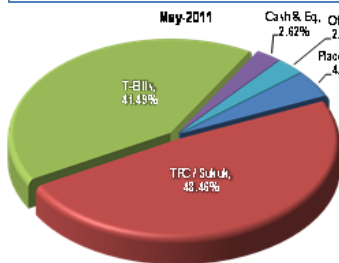
1 Month	3 Months	6 Months	YTD
35.18%	39.87%	35.25%	27.18%

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	May-2011	Apr-2011
Placements	4.52%	4.84%
TFC / Sukuk	48.46%	49.84%
T-Bills	41.49%	38.80%
Cash & Eq.	2.62%	3.00%
Others	2.91%	3.52%

Credit Quality	May-2011	Apr-2011
AAA	41.49%	38.80%
AA	12.03%	12.66%
A	11.20%	11.49%
A-	4.85%	4.92%
BBB	6.33%	0.00%
< BBB	13.50%	20.27%
Unrated	5.07%	5.33%



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 30-11-07 *	TFC	55,883,455	-	55,883,455	12.14%	12.03%
Optimus Ltd. - TFC 10-10-07 *	TFC	48,821,910	-	48,821,910	10.60%	10.51%
Invest Capital Investment Bank Ltd. **	COM	42,000,000	21,000,000	21,000,000	4.56%	4.52%
Invest Capital Investment Bank Ltd. **	TFC	30,000,000	13,500,000	16,500,000	3.58%	3.55%
Invest Capital Investment Bank Ltd. **	Sukuk	15,569,441	7,006,248	8,563,193	1.86%	1.84%
Dewan Cement Ltd. **	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Grays Leasing Company Ltd. **	TFC	3,093,750	-	3,093,750	0.67%	0.67%
New Allied Electronics Industries Ltd. **	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Trust Investment Bank Ltd. **	COI	12,541,359	12,541,359	-	0.00%	0.00%
Pace Pakistan Limited **	TFC	9,403,856	-	9,403,856	2.04%	2.02%
Kohat Cement Company Ltd. **	SUKUK	20,440,232	-	20,440,232	4.44%	4.40%
Eden Housing Ltd. **	SUKUK	7,258,184	-	7,258,184	1.58%	1.56%
Flying Paper & Board **	TFC	40,000,000	40,000,000	-	0.00%	0.00%
Total		460,445,377	269,480,797	190,964,580	41.48%	41.11%

DMMF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Engro Fertilizer Ltd	TFC	12.14%
Optimus Ltd.	TFC	10.60%
Trust Investment Bank Ltd.	TFC	6.39%
Avani Hotels (Pvt) Ltd	TFC	4.89%
Invest Capital Investment Bank Ltd.	COM	4.56%
Kohat Cement Company Ltd.	SUKUK	4.44%
Invest Capital and Investment Bank Ltd.	TFC	3.58%
Pace Pakistan Limited	TFC	2.04%
Invest Capital and Investment Bank Ltd.	TFC	1.86%
Eden Housing Ltd.	SUKUK	1.58%
Total		52.09%

FUND MANAGER'S COMMENTS

During the month of May, DMMF again shown an exceptional return of 35.18% 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. DMMF will continue to follow the same momentum in upcoming months as well.

* Limit Breach, ** Credit Rating



DAWOOD ISLAMIC FUND

Treasure Chest - May 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 360.30 Million
NAV	PKR 117.0327
Wt. Avg. Time To Maturity	4.76 Years
Standard Deviation	5.35%
Sharpe Ratio	0.10
Information Ratio	0.09
Sortino Ratio	0.51
VAMI	1.18

Returns	May-2011	Apr-2011
DIF	1.22%	0.90%
Benchmark	0.57%	0.75%
Alpha	0.64%	0.15%

HISTORIC RETURNS

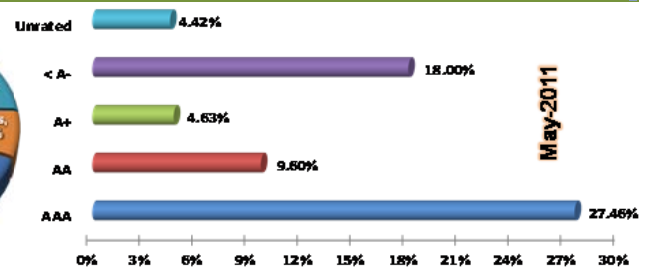
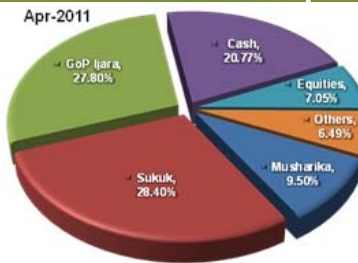
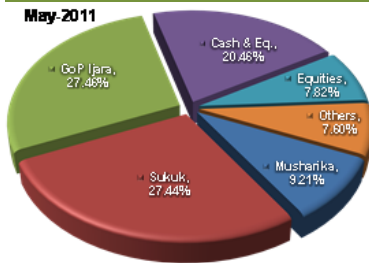
1 Month	3 Months	6 Months	YTD
1.22%	5.04%	2.95%	18.28%

INVESTMENT OBJECTIVE

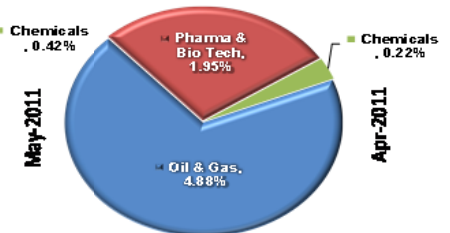
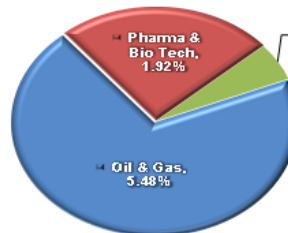
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	May-2011	Apr-2011
Musharika	9.21%	9.50%
Sukuk	27.44%	28.40%
GoP Ijara	27.46%	27.80%
Cash & Eq.	20.46%	20.77%
Equities	7.82%	7.05%
Others	7.60%	6.49%

Credit Quality	May-2011	Apr-2011
AAA	27.46%	27.80%
AA	9.60%	9.72%
A+	4.63%	5.31%
< A-	18.00%	8.90%
Unrated	4.42%	13.98%



Equity Allocation	May-2011	Apr-2011
Oil & Gas	5.48%	4.88%
Pharma & Bio Tech	1.92%	1.95%
Chemicals	0.42%	0.22%



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	8.53%	8.43%
Maple Leaf Cement Factory Limited *	Sukuk	1,295,469	-	1,295,469	0.36%	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	4.48%	4.42%
Invest Capital Investment Bank Limited *	COM	42,000,000	8,400,000	33,600,000	9.33%	9.21%
Total		95,200,190	13,427,500	81,772,690	22.70%	22.43%

DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Engro Fertilizer Limited	SUKUK	9.71%
Invest Capital Investment Bank Ltd.	COM	9.33%
Maple Leaf Cement Factory Limited	SUKUK	8.53%
Pak Elektron Limited	SUKUK	4.69%
Kohat Cement Company Limited	SUKUK	4.48%
Maple Leaf Cement Factory Limited	SUKUK	0.36%
New Allied Electronics Industries Limited	SUKUK	0.00%
Total		37.10%

FUND MANAGER'S COMMENTS

During the month of May, DIF NAV increased by 1.22% as compared to its benchmark which was increased by 0.57%. Thus DIF outperformed by 0.64%. 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