



# DAWOOD CAPITAL MANAGEMENT LIMITED

TREASURE CHEST - OCTOBER 2011

## PAKISTAN ECONOMIC UPDATES

### Economic Outlook

The surprised rate cut of a 1.5 percent came during the month of October after the appointment of Mr Yaseen Anwar as a new governor of the SBP. SBP believes that inflation is down and is expected to remain low in the upcoming months. Direct and portfolio foreign investment in Pakistan fell 48.7% in the first three months of the 2011-12 fiscal year to \$236.2 million. For the betterment of Farming Industry, SBP introduced "Salam", model Islamic product to meet production finance (working capital) needs of the farming community. According to SBP, liquid foreign exchange reserves as on October 21, 2011 stood at \$ 17.209 bn of which \$ 13.443 bn was held by the SBP and the rest with banks.

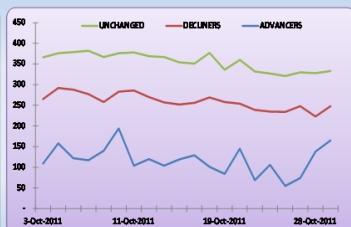
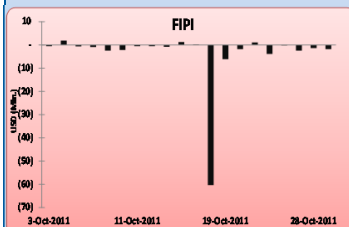
The Ministry of Textile Industry has apprised the National Assembly that gas load-shedding for two days in a week in the Punjab was causing a manufacturing loss of between 30-35% of the total possible value-added output. Pakistan's current account deficit more than doubled to whopping \$1.209 billion in the first quarter (July-Sept.) of 2011/2012 fiscal year as against \$597 million in the corresponding quarter last year, according to provisional data released by the State Bank of Pakistan (SBP) in the month of October. In the latest offer, Iran has expressed interest in supplying 10,000 megawatts of electricity to energy-deficient Pakistan, which if implemented will solve most of Pakistan's energy-related problems. Tehran has also floated a proposal for building an oil refinery.

### Stock Market Review:

During the month, KSE-100 index moved slightly up by 0.9%. The excitement of the rate cut was short-lived. Average KSE-100 Index shares daily volumes showing improvement of 28% to reach 92 million. The volume was better as compare to the previous months. The banking sector took a hit as a result of the decline in the discount rate as banking spreads are expected to decline as a result. The fertilizer sector was again at the forefront. Engro surprised investors mid-week, with the announcement that it had filed a case in the Sindh High Court against the government and SNGPL, for failing to abide by their agreement of supply of 100 million cubic feet of gas to Enven. The court ordered SNGPL to restore Enven's supply on an immediate basis. Market performed better during the ending days of the month because S&P maintained the country's rating and the announcement of strong corporate results.

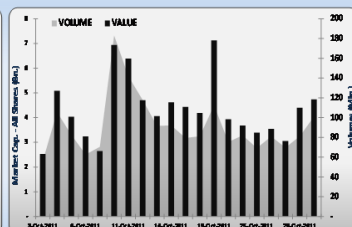
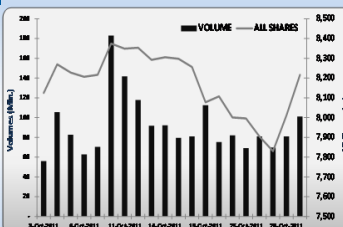
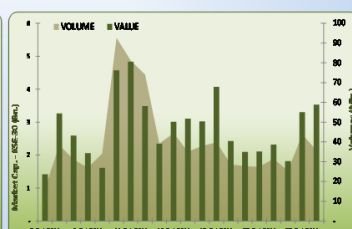
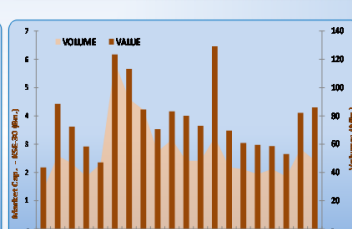
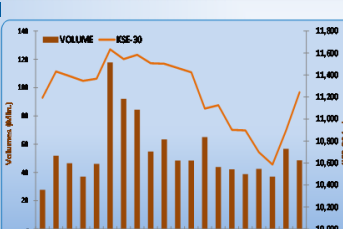
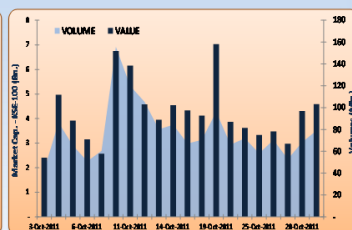
### Fixed Income / Money Market Review

Due to tight position on the liquidity side, the market remained on the higher side. The State Bank of Pakistan reduced cut-off yields on 3, 6 & 12 months treasury bills and accepted bids worth Rs104 billion in T-bills auctions against the target of Rs250 billion. As this was the first auction after cut in discount rate by 150bps, cut-off yield on 3-month, 6-month and 12-month decreased by 87bps, 86bps and 90bps respectively in line with money market expectation.



### STOCK MARKET STATISTICS

Index	Oct-11	Sep-11	Return	Avg. Vol.	Avg. Val.		Oct-11	Sep-11
KSE-100	11,868.88	11,761.97	0.91%	77.63	4.23	Avg. Vol.	91.83 M	71.74 M
KSE-30	11,243.40	11,220.93	0.20%	54.63	3.84	Mkt. Cap.	3.10 B	3.10 B
KMI-30	22,166.78	21,313.30	4.00%	40.59	2.85	FIPI	\$ (82.20) M	\$ (5.86) M
All-Shares	8,215.84	8,159.12	0.70%	91.83	4.34	6M KIBOR	12.27%	13.38%



### INVESTMENT COMMITTEE

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

### CUTT-OFF TIMINGS OF FUNDS

	Cut-Off Timings		
	Business Day	Business Hours	Cut-Off Timings
DMRF	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 - OCTOBER 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	AM3-
Stability Rating	A- (f)

### PERFORMANCE STATISTICS

Net Assets	PKR 482.48 Mn
NAV	PKR 76.4228
Wt. Avg. Time To Maturity	0.82 Years
Standard Deviation	0.18%
Sharpe Ratio	0.60
Information Ratio	0.52
VAMI	1.05

Returns	Oct-2011	Sep-2011
DIF (DMMF)	<b>15.95%</b>	<b>14.47%</b>
Benchmark	12.27%	13.38%
Alpha	3.68%	1.09%

### HISTORIC RETURNS

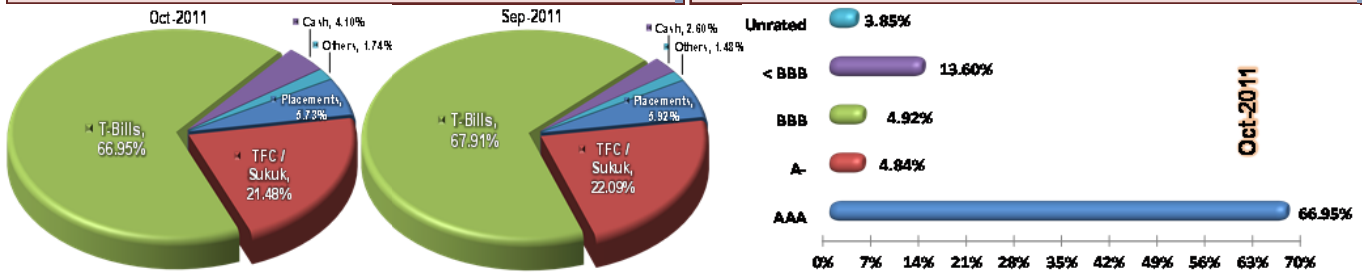
1 Month	3 Months	6 Months	YTD
15.95%	14.24%	20.91%	15.19%

### 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	Oct-2011	Sep-2011
Placements	5.73%	5.92%
TFC / Sukuk	21.48%	22.09%
T-Bills	66.95%	67.91%
Cash	4.10%	2.60%
Others	1.74%	1.48%

Credit Quality	Oct-2011	Sep-2011
AAA	66.95%	67.91%
A-	4.84%	4.91%
BBB	4.92%	4.96%
< BBB	13.60%	13.91%
Unrated	3.85%	4.26%



### DETAILS OF NON COMPLIANT INVESTMENT

Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Escort Investment Bank Ltd. - TFC 15-03-07	TFC	552,570	-	552,570	0.11%	0.11%
Pace Pakistan Limited - TFC 15-02-08	TFC	9,403,856	-	9,403,856	1.95%	1.93%
Dewan Cement Ltd.	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Invest Capital and Investment Bank Ltd. - TFC 05-09-07	TFC	30,000,000	15,000,000	15,000,000	3.11%	3.08%
Invest Capital and Investment Bank Ltd. - TFC 12-05-08	TFC	15,569,441	9,341,665	6,227,776	1.29%	1.28%
Eden Housing Ltd. - SUKUK 31-03-08	SUKUK	7,067,179	-	7,067,179	1.46%	1.45%
New Allied Electronics Industries Ltd. TFC 15-05-07	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Kohat Cement Company Ltd. - SUKUK 13-12-07	SUKUK	18,747,459	-	18,747,459	3.89%	3.85%
Invest Capital Investment Bank Ltd.	COM	38,250,000	10,356,950	27,893,050	5.78%	5.73%
Trust Investment Bank Ltd.	COI	8,041,359	8,041,359	-	0.00%	0.00%
<b>Total</b>		<b>303,065,054</b>	<b>218,173,164</b>	<b>84,891,890</b>	<b>17.60%</b>	<b>17.45%</b>

### DIF(DMMF) TOP TEN DEBT SECURITIES

Investee Company	Type	%
Invest Capital Investment Bank Limited	COM	5.78%
Trust Investment Bank Limited	TFC	4.96%
Avari Hotels (Pvt) Limited	TFC	4.88%
Kohat Cement Company Limited	SUKUK	3.89%
Invest Capital and Investment Bank Limited	TFC	3.11%
Pace Pakistan Limited	TFC	1.95%
Eden Housing Limited	SUKUK	1.46%
Invest Capital and Investment Bank Limited	TFC	1.29%
Escort Investment Bank Limited	TFC	0.11%
<b>Total</b>		<b>27.44%</b>

### FUND MANAGER'S COMMENTS

During the month, your fund shown a return of 15.95% pa beating its benchmark by massive 3.68%. DIF has completely liquid fund having major investments in short term T-Bills. Dawood Income Fund will continue to follow the same momentum in upcoming months as well.



# DAWOOD ISLAMIC FUND

TREASURE CHEST - OCTOBER 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 Zahid Siraj
Trustee & Custodian	CDC Pakistan Limited
Auditor	Ernst & Young Ford Rhodes
Registrar	Gangees 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
Risk Profile	Medium
AMC Rating	AM3-

## PERFORMANCE STATISTICS

Net Assets	PKR 335.38 Mn
NAV	PKR 104.0439
Wt. Avg. Time To Maturity	1.49 Years
Standard Deviation	0.66%
Sharpe Ratio	(0.81)
Sortino Ratio	(2.61)
Information Ratio	(0.13)
VAMI	1.02

Returns	Oct-2011	Sep-2011
DIF	0.15%	1.55%
Benchmark	1.31%	1.87%
Alpha	-1.17%	-0.32%

## HISTORICAL RETURNS

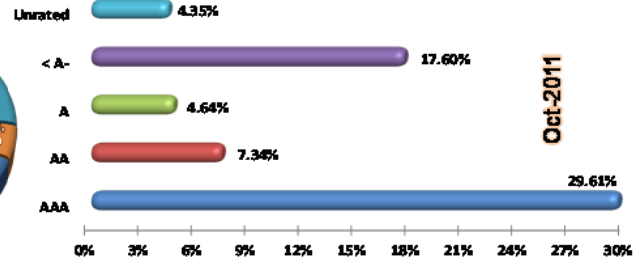
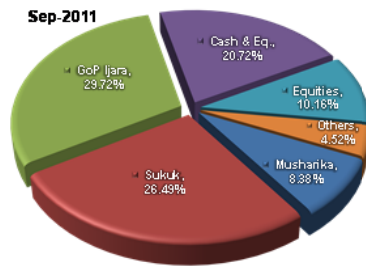
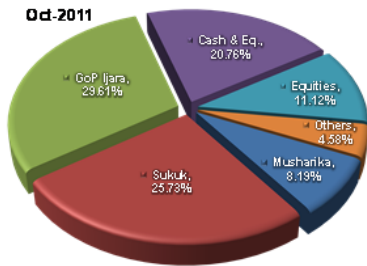
1 Month	3 Months	6 Months	YTD
0.15%	1.98%	-0.94%	2.25%

## INVESTMENT OBJECTIVE

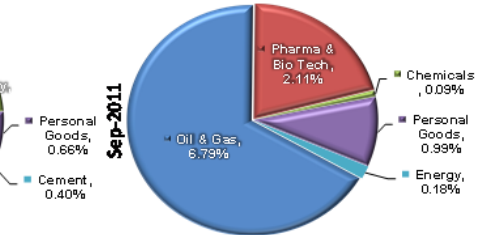
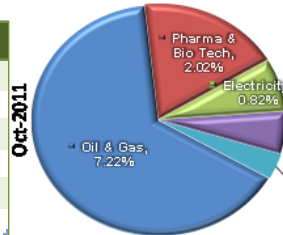
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Oct-2011	Sep-2011
Musharika	8.19%	8.38%
Sukuk	25.73%	26.49%
GoP Ijara	29.61%	29.72%
Cash & Eq.	20.76%	20.72%
Equities	11.12%	10.16%
Others	4.58%	4.52%

Credit Quality	Oct-2011	Sep-2011
AAA	29.61%	29.72%
AA	7.34%	7.37%
A	4.64%	4.93%
< A-	17.60%	17.82%
Unrated	4.35%	4.75%



Equity Allocation	Oct-2011	Sep-2011
Oil & Gas	7.22%	6.79%
Pharma & Bio Tech	2.02%	2.11%
Electricity	0.82%	0.18%
Personal Goods	0.66%	0.99%
Cement	0.40%	0.00%
Chemicals	0.00%	0.09%



## 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	30,731,362	-	30,731,362	9.16%	9.02%
Maple Leaf Cement Factory Limited	SUKUK	1,295,469	-	1,295,469	0.39%	0.38%
New Allied Electronics Industries Limited	SUKUK	5,027,500	5,027,500	-	0.00%	0.00%
Kohat Cement Company Limited	SUKUK	14,796,732	-	14,796,732	4.41%	4.35%
Invest Capital Investment Bank Ltd.	COM	38,250,000	10,356,950	27,893,050	8.32%	8.19%
<b>Total</b>		<b>90,101,062</b>	<b>15,384,450</b>	<b>74,716,612</b>	<b>22.28%</b>	<b>21.94%</b>

## DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Gop Ijarah	SUKUK	29.61%
Maple Leaf Cement Factory Limited	SUKUK	9.02%
Invest Capital Investment Bank Limited	COM	8.19%
Engro Fertilizer Limited	SUKUK	7.34%
Pak Elektron Limited	SUKUK	4.64%
Kohat Cement Company Limited	SUKUK	4.35%
Maple Leaf Cement Factory Limited	SUKUK	0.38%
<b>Total</b>		<b>63.54%</b>

## FUND MANAGER'S COMMENTS

During the month, DIF NAV increased by 0.15% as compared to its benchmark which was increased by 1.31%. Thus DIF underperformed by 1.17%. Exposure in GoP Ijarah SUKUK gave support during pressurized market conditions. Dawood Islamic Fund is still an extremely attractive investments for investors looking to take advantage of capital gains.

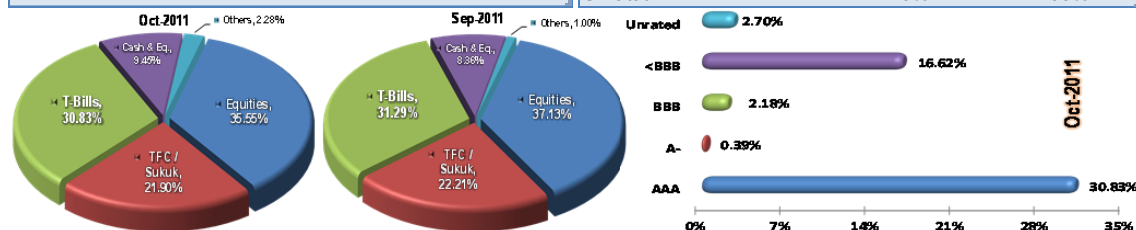


# FIRST DAWOOD MUTUAL FUND

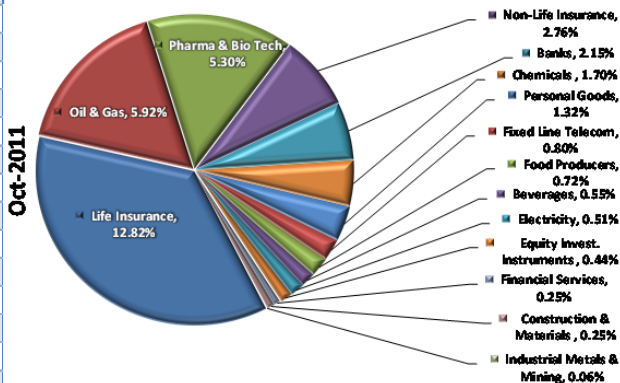
TREASURE CHEST - OCTOBER 2011

FUND STATISTICS		PERFORMANCE STATISTICS	
Name of Fund	First Dawood Mutual Fund	Net Assets	PKR 527.68 Mn
Structure	Closed End	NAV	PKR 9.09
Industry Category	Balanced	Wt. Avg. Time To Maturity	0.85 Years
Benchmark	50% KSE-100 + 50% Avg. 6 M KIBOR	Standard Deviation	3.13%
Trustee & Custodian	CDC Pakistan Limited	Sharpe Ratio	(0.39)
Auditor	Ernst & Young Ford Rhodes	Sortino Ratio	(0.58)
Registrar	FD Registrar Services Pvt. Limited	Information Ratio	(0.25)
Legal Advisor	Bawaney & Partners	VAMI	1.00
Launch Date	23-Mar-2005	<b>Returns</b>	<b>Oct-2011</b> <b>Sep-2011</b>
Listing	KSE	FDMF	1.22% 3.22%
Management Fee	2.00% per annum	Benchmark	0.97% 3.68%
Pricing Mechanism	Forward	Alpha	0.26% -0.46%
Risk Profile	Medium - High	<b>HISTORICAL RETURNS</b>	
AMC Rating	AM3-	<b>1 Month</b> <b>3 Months</b> <b>6 Months</b> <b>YTD</b>	
		1.22% 0.11% -3.19% -0.53%	
		<b>INVESTMENT OBJECTIVE</b>	
		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	Oct-2011	Sep-2011	Credit Quality	Oct-2011	Sep-2011
Equities	35.55%	37.13%	AAA	30.83%	31.29%
TFC / Sukuk	21.90%	22.21%	A-	0.39%	0.39%
T-Bills	30.83%	31.29%	BBB	2.18%	2.18%
Cash & Eq.	9.45%	8.36%	<BBB	16.62%	16.70%
Others	2.28%	1.00%	Unrated	2.70%	2.95%



Equity Allocation	Oct-2011	Sep-2011
Life Insurance	12.82%	11.67%
Oil & Gas	5.92%	7.04%
Pharma & Bio Tech	5.30%	5.45%
Non-Life Insurance	2.76%	2.77%
Banks	2.15%	2.73%
Chemicals	1.70%	2.69%
Personal Goods	1.32%	1.52%
Fixed Line Telecom	0.80%	0.85%
Food Producers	0.72%	0.43%
Beverages	0.55%	0.70%
Electricity	0.51%	0.11%
Equity Invest. Instruments	0.44%	0.54%
Financial Services	0.25%	0.23%
Construction & Materials	0.25%	0.13%
Industrial Metals & Mining	0.06%	0.07%
Gas Water & Multiutilities	0.00%	0.18%



DETAILS OF NON COMPLIANT INVESTMENT						
Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Escort Investment Bank Limited	TFC	1,105,140	-	1,105,140	0.2%	0.2%
Telecard Limited	TFC	6,826,313	1,706,578	5,119,734	0.97%	0.93%
Maple Leaf Cement Factory Limited	SUKUK	37,917,143	-	37,917,143	7.1%	6.9%
Maple Leaf Cement Factory Limited	SUKUK	1,598,214	-	1,598,214	0.30%	0.29%
Pace Pakistan Limited	TFC	6,717,040	-	6,717,040	1.27%	1.22%
B.R.R. Guardian Modaraba	SUKUK	18,574,219	-	18,574,219	3.52%	3.39%
Amtext Limited	SUKUK	22,500,000	10,125,000	12,375,000	2.35%	2.26%
Invest Capital and Investment Bank Limited	TFC	19,461,809	11,677,085	7,784,724	1.48%	1.42%
New Allied Electronics Industries Limited	TFC	7,366,577	7,366,577	-	0.00%	0.00%
Kohat Cement Company Limited	SUKUK	14,796,732	-	14,796,732	2.80%	2.70%
<b>Total</b>		<b>136,863,186</b>	<b>30,875,241</b>	<b>105,987,946</b>	<b>20.09%</b>	<b>19.32%</b>

FDMF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Maple Leaf Cement Factory Limited	SUKUK	7.19%
B.R.R. Guardian Modaraba	SUKUK	3.52%
Kohat Cement Company Limited	SUKUK	2.80%
Amtext Limited	SUKUK	2.35%
Trust Investment Bank Limited	TFC	2.27%
Invest Capital and Investment Bank Limited	SUKUK	1.48%
Pace Pakistan Limited	TFC	1.27%
Telecard Limited	TFC	0.97%
Avani Hotels (Pvt) Limited	TFC	0.41%
Maple Leaf Cement Factory Limited	SUKUK	0.30%
<b>Total</b>		<b>22.55%</b>

**FUND MANAGER'S COMMENTS**

During the month, FDMF had a return of 1.22% against the benchmark of 0.97%. Thus FDMF outperformed by 0.26%. This was due to the holding of blue chip stocks during worse market conditions which recovered during the month.