

### PAKISTAN ECONOMIC UPDATES

#### Economic Outlook

Pakistan, in addition to facing challenges on the domestic front, is, of late, also confronted with serious allegations with respect to the ongoing war on terror. The recent course of events has the potential for grave consequences on the economics of the country in addition to its position in the international community. Foreign investment continues to be on a downward trajectory and domestic productivity is faced with energy shortages and deteriorating law and order situation.

Revenue generation remains a cause of concern given weak external and internal inflows. Although the government has curtailed its borrowing from SBP, it continues to rely on domestic sources of funding. As per SBP data, during July 1 – September 17, government borrowing from scheduled banks stood at Rs.175bn as against retirement of Rs.12bn during corresponding period of last year. While borrowing from SBP stood at Rs.48bn during July – September 17 FY12 compared to Rs.195bn during corresponding period of FY11.

#### Stock Market Review:

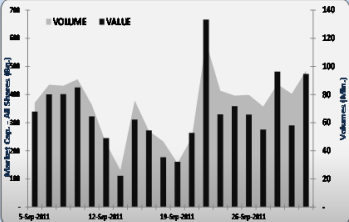
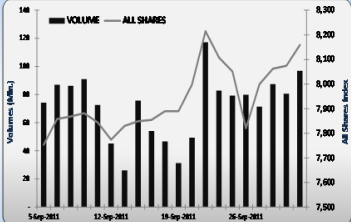
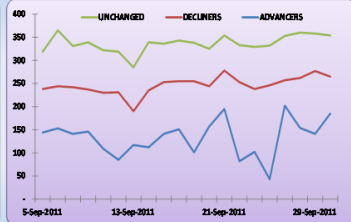
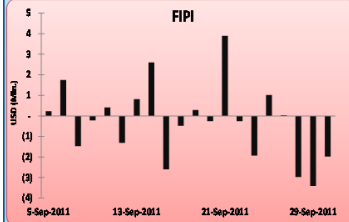
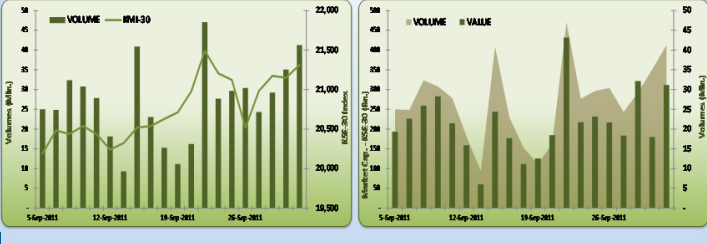
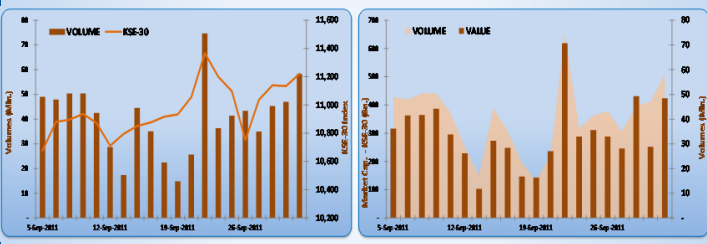
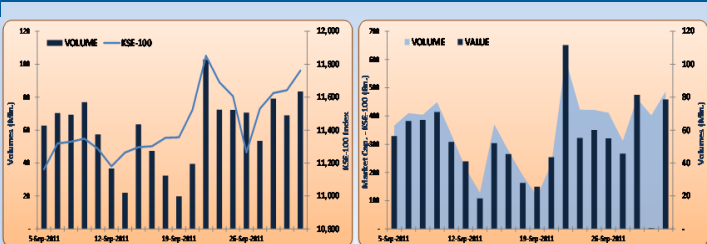
In the month of Sep'11, KSE-100 index started with the index of 11,761.97 and with a gain of 6.25% closed at 11,070.58 points. It was a rebound off a dismal August, combined with hopes of potential monetary easing, KSE comprehensively trumped peer markets in the region and is in 9M11, the best performing amongst peers. Volumes too witnessed a rebound registering a 40% increase to US\$38mn/day. Foreigners however emerged net sellers with outflows of US\$5.86M due to sudden worsening of relations between Pakistan and US with the US accusing Pakistan intelligence agencies of supporting terrorist networks.

#### Fixed Income / Money Market Review

The key upcoming trigger however is likely to be the monetary policy where we foresee a 50-100bp cut. Expectations were further fuelled by news of reduction in NSS rates and CPI reading of 11.6% for Aug vs. current discount rate of 13.5%. The CPI stat was however helped by a revision in base year from FY01 to FY08. The decline in headline inflation was primarily driven by high base effect where a one-off 13.6% gas tariff hike and seasonal impact on food prices in Ramadan drove inflation higher at 1.4% MoM in Aug-11 vs. 1.3% MoM in Jul-11.

#### STOCK MARKET STATISTICS

Index	Sep-11	Aug-11	Return	Avg. Vol.	Avg. Val.		Sep-11	Aug-11
KSE-100	11,761.97	11,070.58	6.25%	60.09	307.69	Avg. Vol.	71.74 M	49.14 M
KSE-30	11,220.93	10,545.99	6.40%	40.48	298.03	Mkt. Cap.	3.10 B	2.93 B
KMI-30	21,313.30	20,061.90	6.24%	26.98	216.55	FIPI	\$ (5.86) M	\$ (10.12) M
All-Shares	8,159.12	7,693.59	6.05%	71.74	331.85	6M KIBOR	13.38%	13.37%



INVESTMENT COMMITTEE		CUTT-OFF TIMINGS OF FUNDS			DAWOOD CAPITAL MANAGEMENT LIMITED	
Tara Uzra Dawood	Chief Investment Officer	DMF	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: <a href="mailto:dcm@firstdawood.com">dcm@firstdawood.com</a> URL: <a href="http://www.edawood.com">www.edawood.com</a>
Syed Kabiruddin	Member		Business Day	Business Hours	Cut-Off Timings	
Muhammad Abbas	Fund Manager Fixed Income	Monday - Friday	9:00 AM - 5:00 PM	9:00 AM - 5:00 PM		
Muhammad Aslam	Assistant Fund Manager Equity	Saturday	9:00 AM - 1:30 PM	9:00 AM - 1:30 PM		
Zeshan Swalaheen	Research Associate	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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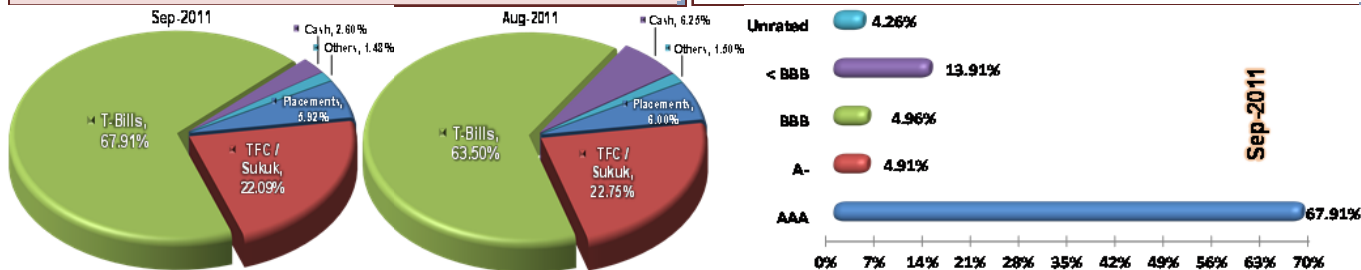


# DAWOOD INCOME FUND (FORMERLY DAWOOD MONEY MARKET FUND)

**TREASURE CHEST - SEPTEMBER 2011**

FUND STATISTICS		PERFORMANCE STATISTICS	
Name of Fund	Dawood Income Fund <i>(Formerly Dawood Money Market Fund)</i>	Net Assets	PKR 475.96 Mn
Structure	Open End	NAV	PKR 75.4683
Industry Category	Fixed Income	Wt. Avg. Time To Maturity	0.94 Years
Benchmark	Avg. 6 Month KIBOR	Standard Deviation	0.22%
Trustee & Custodian	MCB Financial Services Limited	Sharpe Ratio	0.35
Auditor	Ernst & Young Ford Rhodes	Information Ratio	0.30
Registrar	Gangjees Registrar Services (Pvt.) Ltd.	VAMI	1.04
Legal Advisor	Bawaney & Partners	<b>Returns</b>	
Launch Date	19-May-2003	<b>Sep-2011</b>	<b>Aug-2011</b>
Listing	KSE	DIF (DMMF)	14.47%      12.35%
Duration	Perpetual	Benchmark	13.38%      13.37%
Management Fee	1.00% per annum	Alpha	1.09%      -1.02%
Sales Load	1% Front End	<b>HISTORIC RETURNS</b>	
Pricing Mechanism	Forward	<b>1 Month</b>	<b>3 Months</b>
Leverage	Nil	14.47%	14.94%
Risk Profile	Medium	<b>6 Months</b>	<b>YTD</b>
AMC Rating	AM3-	26.05%	14.94%
Stability Rating	A-	<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 portfolio of money market instruments.			

Asset Mix	Sep-2011	Aug-2011	Credit Quality	Sep-2011	Aug-2011
Placements	5.92%	6.00%	AAA	67.91%	63.50%
TFC / Sukuk	22.09%	22.75%	A-	4.91%	4.81%
T-Bills	67.91%	63.50%	BBB	4.96%	4.88%
Cash	2.60%	6.25%	< BBB	13.91%	14.16%
Others	1.48%	1.50%	Unrated	4.26%	4.23%
			A	0.00%	0.67%



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	624,495	-	624,495	0.13%	0.13%
Invest Capital Investment Bank Ltd.	COM	39,000,000	10,560,028	28,439,972	5.98%	5.92%
Invest Capital Investment Bank Ltd.	TFC	30,000,000	15,000,000	15,000,000	3.15%	3.12%
Invest Capital Investment Bank Ltd.	TFC	15,569,441	9,341,665	6,227,776	1.31%	1.30%
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	8,041,359	8,041,359	-	0.00%	0.00%
Pace Pakistan Limited	TFC	9,403,856	-	9,403,856	1.98%	1.96%
Kohat Cement Company Ltd.	SUKUK	20,440,232	-	20,440,232	4.29%	4.26%
Eden Housing Ltd.	SUKUK	7,067,179	-	7,067,179	1.48%	1.47%
<b>Total</b>		<b>305,579,751</b>	<b>218,376,241</b>	<b>87,203,510</b>	<b>18.32%</b>	<b>18.16%</b>

DIF(DMMF) TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Invest Capital Investment Bank Ltd.	COM	5.98%
Trust Investment Bank Ltd. - TFC 04-07-08	TFC	5.00%
Avari Hotels (Pvt) Ltd - TFC 01-11-07	TFC	4.95%
Kohat Cement Company Ltd. - SUKUK 13-12-07	SUKUK	4.29%
Invest Capital and Investment Bank Ltd. - TFC 05-05	TFC	3.15%
Pace Pakistan Limited - TFC 15-02-08	TFC	1.98%
Eden Housing Ltd. - SUKUK 31-03-08	SUKUK	1.48%
Invest Capital and Investment Bank Ltd. - TFC 12-05	TFC	1.31%
Escort Investment Bank Ltd. - TFC 15-03-07	TFC	0.13%
Dewan Cement Ltd.	TFC	0.00%
<b>Total</b>		<b>28.27%</b>

**FUND MANAGER'S COMMENTS**

During the month, your fund shown a return of 14.47% pa beating its benchmark by 1.09%. 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 - SEPTEMBER 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	AM3-

## PERFORMANCE STATISTICS

Net Assets	PKR 334.89 Mn
NAV	PKR 103.8918
Wt. Avg. Time To Maturity	2.28 Years
Standard Deviation	0.74%
Sharpe Ratio	-0.56
Information Ratio	0.21
Sortino Ratio	-1.87
VAMI	1.02

Returns	Sep-2011	Aug-2011
DIF	1.55%	0.28%
Benchmark	1.87%	-1.03%
Alpha	-0.32%	1.31%

## HISTORICAL RETURNS

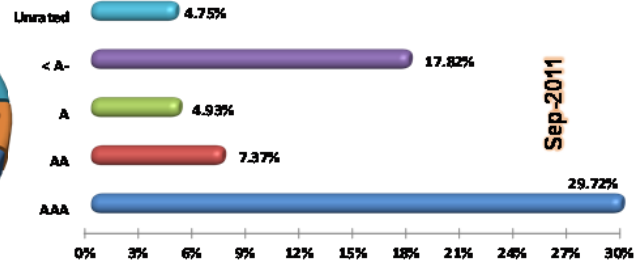
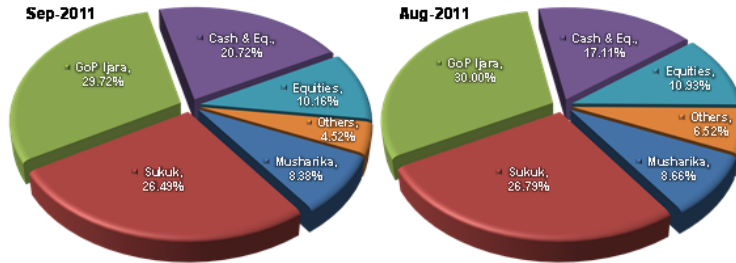
1 Month	3 Months	6 Months	YTD
1.55%	12.41%	-0.18%	2.10%

## INVESTMENT OBJECTIVE

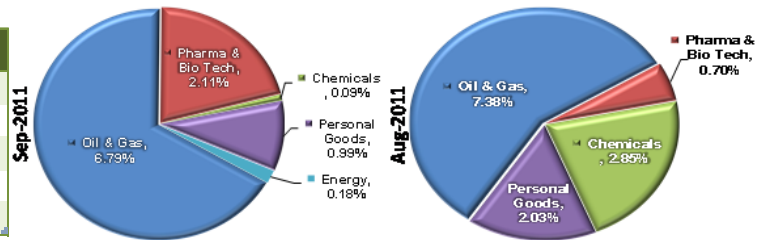
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

Asset Mix	Sep-2011	Aug-2011
Musharika	8.38%	8.66%
Sukuk	26.49%	26.79%
GoP Ijara	29.72%	30.00%
Cash & Eq.	20.72%	17.11%
Equities	10.16%	10.93%
Others	4.52%	6.52%

Credit Quality	Sep-2011	Aug-2011
AAA	29.72%	30.00%
AA	7.37%	7.47%
A	4.93%	4.93%
< A-	17.82%	18.23%
Unrated	4.75%	4.82%



Equity Allocation	Sep-2011	Aug-2011
Oil & Gas	6.79%	7.38%
Pharma & Bio Tech	2.11%	0.70%
Chemicals	0.09%	2.85%
Personal Goods	0.99%	2.03%
Energy	0.18%	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	9.18%	9.06%
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	16,132,780	-	16,132,780	4.82%	4.75%
Invest Capital Investment Bank Limited	COM	39,000,000	10,560,028	28,439,972	8.49%	8.38%
<b>Total</b>		<b>92,193,650</b>	<b>15,587,528</b>	<b>76,606,122</b>	<b>22.87%</b>	<b>22.58%</b>

## DIF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Gop Ijarah	SUKUK	29.72%
Maple Leaf Cement Factory Limited	SUKUK	9.06%
Invest Capital Investment Bank Ltd.	COM	8.38%
Engro Fertilizer Limited	SUKUK	7.37%
Pak Elektron Limited	SUKUK	4.93%
Kohat Cement Company Limited	SUKUK	4.75%
Maple Leaf Cement Factory Limited	SUKUK	0.38%
<b>Total</b>		<b>64.60%</b>

## FUND MANAGER'S COMMENTS

During the month, DIF NAV increased by 1.55% as compared to its benchmark which was increased by 1.87%. Thus DIF underperformed by 0.32%. 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.



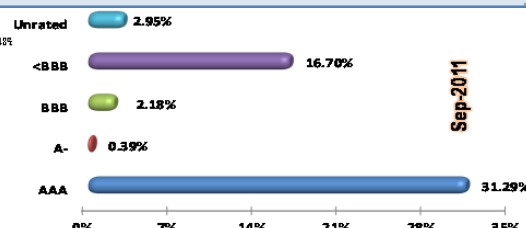
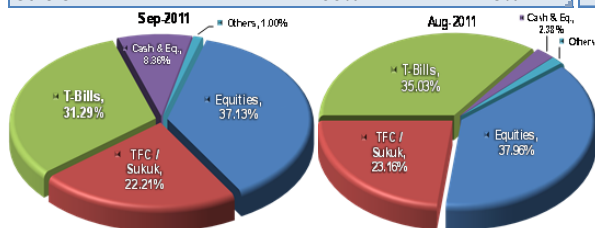
# FIRST DAWOOD MUTUAL FUND

TREASURE CHEST - SEPTEMBER 2011

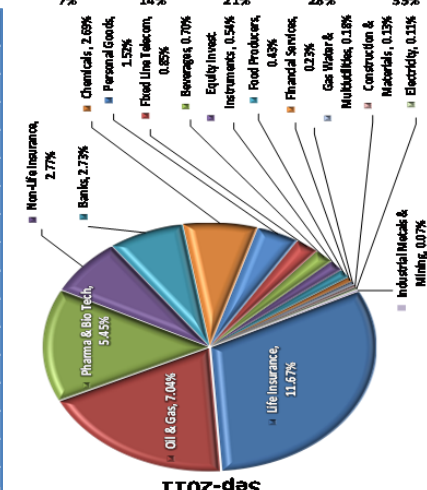
FUND STATISTICS		PERFORMANCE STATISTICS			
Name of Fund	First Dawood Mutual Fund	Net Assets	PKR 521.51 Mn		
Structure	Closed End	NAV	PKR 8.98		
Industry Category	Balanced	Wt. Avg. Time To Maturity	0.90 Years		
Benchmark	50% KSE-100 + 50% Avg. 6 M KIBOR	Standard Deviation	2.42%		
Trustee & Custodian	CDC Pakistan Limited	Sharpe Ratio	(0.45)		
Auditor	Ernst & Young Ford Rhodes	Sortino Ratio	(0.68)		
Registrar	FD Registrar Services Pvt. Limited	Information Ratio	0.55		
Legal Advisor	Bawaney & Partners	VAMI	0.98		
Launch Date	23-Mar-2005	<b>Returns</b>	<b>Sep-2011</b>	<b>Aug-2011</b>	
Listing	KSE	FDMF	3.22%	-4.14%	
Management Fee	2.00% per annum	Benchmark	3.68%	-4.04%	
Pricing Mechanism	Forward	Alpha	-0.46%	-0.10%	
Risk Profile	Medium - High	<b>HISTORICAL RETURNS</b>			
AMC Rating	AM3-	1 Month	3 Months	6 Months	YTD
		3.22%	-1.69%	-3.02%	-1.69%
		<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	Sep-2011	Aug-2011
Equities	37.13%	37.96%
TFC / Sukuk	22.21%	23.16%
T-Bills	31.29%	35.03%
Cash & Eq.	8.36%	2.38%
Others	1.00%	1.48%

Credit Quality	Sep-2011	Aug-2011
AAA	31.29%	35.03%
A-	0.39%	0.40%
BBB	2.18%	3.20%
<BBB	16.70%	16.11%
Unrated	2.95%	3.05%



Equity Allocation	Sep-2011	Aug-2011
Life Insurance	11.67%	10.83%
Oil & Gas	7.04%	8.06%
Pharma & Bio Tech	5.45%	5.44%
Non-Life Insurance	2.77%	2.44%
Banks	2.73%	3.01%
Chemicals	2.69%	2.80%
Personal Goods	1.52%	1.46%
Fixed Line Telecom	0.85%	0.84%
Beverages	0.70%	0.76%
Equity Invest. Instruments	0.54%	0.52%
Food Producers	0.43%	0.48%
Financial Services	0.23%	0.25%
Gas Water & Multiutilities	0.18%	0.46%
Construction & Materials	0.13%	0.33%
Electricity	0.11%	0.19%
Industrial Metals & Mining	0.07%	0.07%



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	7.27%	6.94%
Maple Leaf Cement Factory Limited	SUKUK	1,598,214	-	1,598,214	0.31%	0.29%
Pace Pakistan Limited	TFC	6,717,040	-	6,717,040	1.29%	1.23%
B.R.R. Guardian Modaraba	SUKUK	8,632,813	-	8,632,813	3.57%	3.41%
Amtext Ltd	SUKUK	2,375,000	-	2,375,000	2.37%	2.26%
Invest Capital and Investment Bank Ltd.	TFC	7,784,724	(1,706,578)	9,491,302	1.49%	1.42%
New Allied Electronics Industries Ltd.	TFC	-	-	-	0.00%	0.00%
Kohat Cement Company Ltd.	SUKUK	16,132,780	-	16,132,780	3.09%	2.95%
Escort Investment Bank Ltd.	TFC	1,124,091	-	1,124,091	0.22%	0.21%
Telecard Limited	TFC	5,119,734	(1,706,578)	6,826,313	0.98%	0.94%
<b>Total</b>		<b>107,409,608</b>	<b>(3,413,156)</b>	<b>110,822,764</b>	<b>20.60%</b>	<b>19.65%</b>

DIF TOP TEN DEBT SECURITIES		
Investee Company	Type	%
Maple Leaf Cement Factory Limited	SUKUK	7.27%
B.R.R. Guardian Modaraba	SUKUK	3.57%
Kohat Cement Company Ltd.	SUKUK	3.09%
Amtext Ltd	SUKUK	2.37%
Trust Investment Bank Ltd.	TFC	2.28%
Invest Capital and Investment Bank Ltd.	TFC	1.49%
Pace Pakistan Limited	TFC	1.29%
Telecard Limited	TFC	0.98%
Avani Hotels (Pvt) Ltd	TFC	0.41%
Maple Leaf Cement Factory Limited	SUKUK	0.31%
<b>Total</b>		<b>23.07%</b>

**FUND MANAGER'S COMMENTS**

During the month, FDMF had a return of 3.22% against the benchmark of 3.68%. Thus FDMF underperformed by 0.46%. This was due to the stock market downfall following the worse Pak-US relations. FDMF has holdings of blue chips which prices will improve in long run.