

PAKISTAN ECONOMIC UPDATES

Economic Review

The economy took a breath after statistics showed a decent reduction in inflation by 9.6% on YoY basis. The monthly decline was due to reduction in petroleum and gas prices. This gives the chance to state bank to lower the interest rate in the upcoming month. Figures of last year turned out positive on the remittances side while there was a current account deficit as export grew meagerly while there was an increase in the imports. Foreign reserves gained strength after the release of Coalition Support Fund \$1.17 billion. The credit rating agency, Moody's downgraded Pakistan's sovereign rating to its lowest level ever, citing a worsening current account balance, foreign exchange reserves, and looming payments to the International Monetary Fund.

Stock Market Review

KSE-100 index made an energetic start in the new fiscal year with a gain of 5.6%, closing at 14,577 level. The FPI also surged from net outflow of \$1.09mn in June 2012 to net inflow of \$2.02mn in July 2012 indicating improvement in foreign investors' confidence in the local market. At times political fight between the parliament and judiciary kept the market low. The political situation again took center stage as the Supreme Court issued notices to the new prime minister

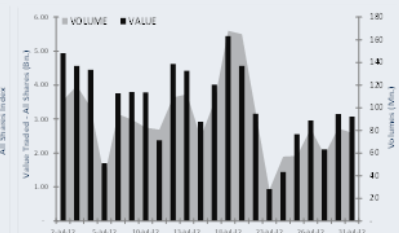
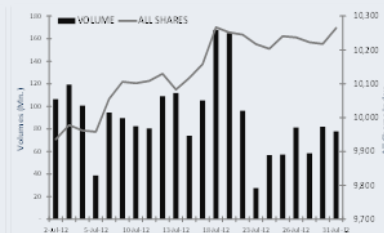
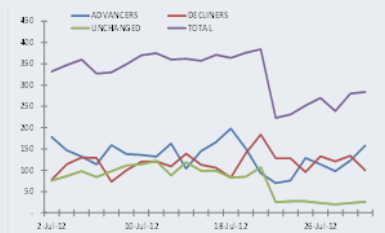
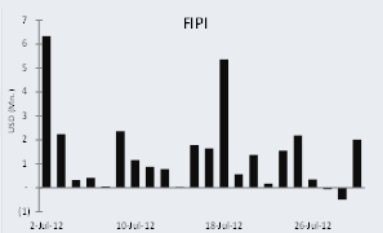
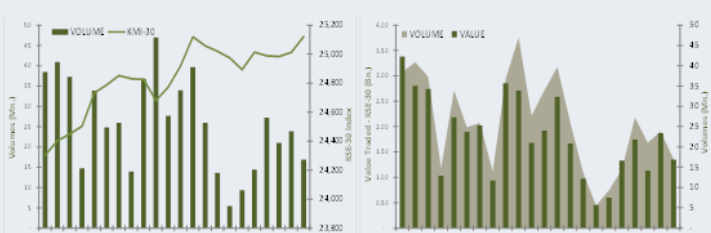
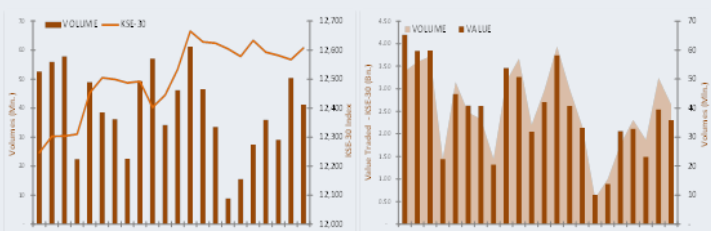
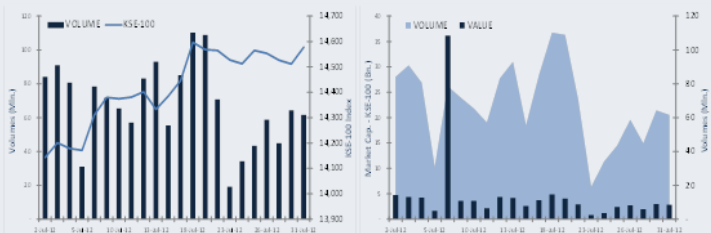
to write the letters to Swiss authorities against President. After an apology made by US over Salala incident that took the lives of dozens of Pakistani soldiers on Pak Afghan border, the opening week remained well positive. United States has also agreed to release promised finances under the Coalition Support Fund agreements to the country. Oil sector rebounded after improving international oil prices. In the upcoming days we expect the market to remain buoyant on the back of expected strong corporate results, especially in the cement and banking sector scrips.

Money Market Review

SBP conducted T-bills auction twice during the month with target of PKR~500bn. The latest cut-off yields were: 03-months: 11.8283%, 06-months: 11.8745% and for 12-months: 11.8894%. During the month the announcement of CPI inflation came much lower thereby causing further downward adjustment in the long end yields. PIBs auction on July 18, raised PKR 51.00 billion against a pre-auction target of PKR 30 billion. We expect the yield in the market to go down before the announcement of next monetary policy as chances are that the central bank will ease the discount rate.

STOCK MARKETS STATISTICS

Indices	Jul-12	Jun-12	Return	Avg. Vol.	Avg. Val.		Jul-12	Jun-12
KSE-100	14,577.00	13,801.41	5.62%	67.84	4.65	Avg. Vol.	90.14 M	79.72 M
KSE-30	12,607.26	11,922.13	5.75%	39.61	2.49	Mkt. Cap.	PKR 3.72 T	PKR 3.52 T
KMI-30	25,121.52	23,763.15	5.72%	26.04	1.81	FPI	\$31.2 M	\$-08.08 M
All-Shares	1,264.58	9,708.31	5.73%	90.14	3.40	6M KIBOR	12.01%	12.01%



INVESTMENT COMMITTEE	
Tara Utra Dawood	Chief Investment Officer
Syed Kabiruddin	Member
M uhammad Abbas	Fund Manager Fixed Income
M uhammad Aslam	Assistant Fund Manager Equity
Zeesan Swalaheen	Research Associate

CUTT-OFF TIMINGS OF FUNDS			
	Business Day	Business Hours	Cut-Off Timings
DMMF	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

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DAWOOD INCOME FUND

TREASURE CHEST - JULY 2012

FUND STATISTICS

Name of Fund	Dawood Income Fund (Formerly Dawood Money Market Fund)
Structure	Open End
Industry Category	Income
Benchmark	Avg. 6 Month KIBOR
Trustee & Custodian	MCB Financial Services Limited
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
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- by PACRA
Stability Rating	A(f) by PACRA

PERFORMANCE STATISTICS

Net Assets	PKR 378.98 Mn
NAV	PKR 68.6031
Wt. Avg. Time To Maturity	0.32 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
VAMI	0.96

RETURNS	Jul-2012	Jun-2012
DIF (DMMF)	-41.64%	41.80%
Benchmark	12.01%	12.03%
Alpha	-53.65%	29.77%

HISTORIC RETURNS

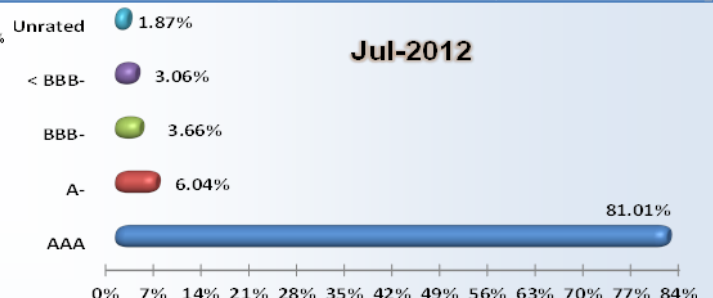
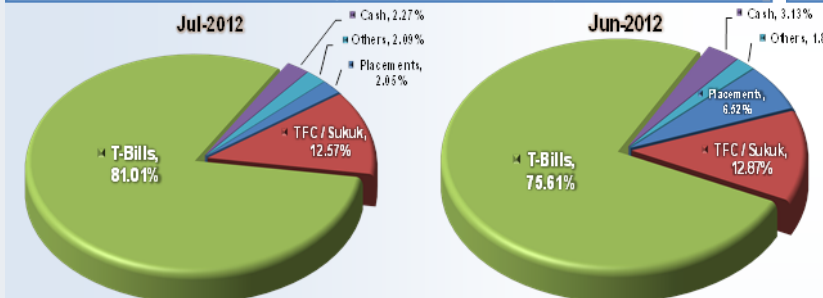
1 Month	3 Months	6 Months	YTD
-41.64%	-2.60%	-11.08%	-41.64%

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	Jul-2012	Jun-2012
Placements	2.05%	6.52%
TFC / Sukuk	12.57%	12.87%
T-Bills	81.01%	75.61%
Cash	2.27%	3.13%
Others	2.09%	1.87%

CREDIT QUALITY	Jul-2012	Jun-2012
AAA	81.01%	75.61%
A-	6.04%	5.73%
BBB-	3.66%	4.40%
< BBB-	3.06%	7.48%
Unrated	1.87%	1.78%



DETAILS OF NON COMPLIANT INVESTMENTS

Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Escort Investment Bank Limited	TFC	460,475	-	460,475	0.12%	0.12%
Pace Pakistan Limited	TFC	9,089,080	9,089,080	-	0.00%	0.00%
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%
Invest Capital and Investment Bank Limited	TFC	30,000,000	30,000,000	-	0.00%	0.00%
Invest Capital and Investment Bank Limited	TFC	15,569,441	15,569,441	-	0.00%	0.00%
Eden Housing Limited	SUKUK	8,524,030	5,114,418	3,409,612	0.90%	0.89%
New Allied Electronics Industries Limited	TFC	25,433,190	25,433,190	-	0.00%	0.00%
Kohat Cement Company Limited	SUKUK	7,174,388	-	7,174,388	1.89%	1.87%
Invest Capital Investment Bank Limited	COM	31,500,000	23,625,000	7,875,000	2.08%	2.05%
Trust Investment Bank Limited	COI	8,041,359	8,041,359	-	0.00%	0.00%
TOTAL		285,791,963	266,872,488	18,919,475	4.99%	4.92%

DIF (DMMF) TOP TEN DEBT SECURITIES

INVESTE COMPANY	TYPE	%
Avari Hotels (Pvt) Limited	TFC	6.13%
Trust Investment Bank Limited	TFC	3.71%
Invest Capital Investment Bank Limited	COM	2.08%
Kohat Cement Company Limited	SUKUK	1.89%
Eden Housing Limited	SUKUK	0.90%
Escort Investment Bank Limited	TFC	0.12%
TOTAL		14.83%

FUND MANAGER'S COMMENTS

During the month, Fund generated the return of -41.64% pa. It was due to the provisions on non-performing debts. The NAV has already hit the rock bottom and we are hopeful in coming months, fund will generate handsome returns. DIF is still a goldmine for those who want to earn capital gains on investments.

WWF DISCLOSURE

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 3.47M, if the same were not made the NAV per unit/return YTD of the Scheme would be higher by Rs. 0.63/6.61%. For details investors are advised to read the Note 8 of the latest Financial Statements of the Scheme.



DAWOOD ISLAMIC FUND

TREASURE CHEST - JULY 2012

FUND STATISTICS	
Structure	Open End
Industry Category	Islamic Asset Allocation
Benchmark	25% KMI-30 + 75% Savings Rate
Shariah Advisor	Mufti Zeeshan Abdul Aziz
Trustee & Custodian	CDC Pakistan Limited
Auditor	Ernst & Young Ford Rhodes Sidat Hyder
Registrar	Noble Computers 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

PERFORMANCE STATISTICS	
Net Assets	PKR 235.44 Mn
NAV	PKR 87.1549
Wt. Avg. Time To Maturity	0.43 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Sortino Ratio	(1.08)
Information Ratio	N/A
VAMI	0.93

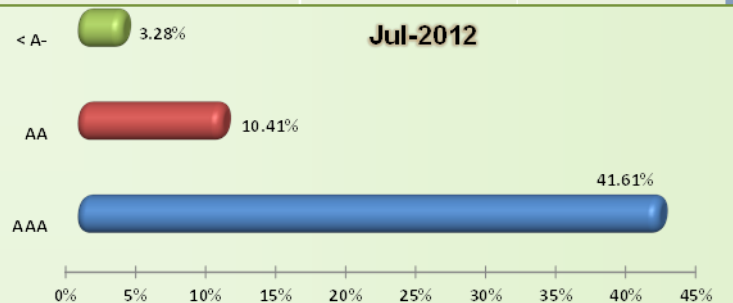
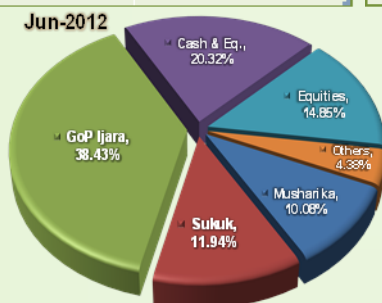
RETURNS	Jul-2012	Jun-2012
DIF-S	-7.24%	3.45%
Benchmark	1.79%	0.17%
Alpha	-9.03%	3.28%

HISTORICAL RETURNS			
1 Month	3 Months	6 Months	YTD
-7.24%	-3.29%	-17.51%	-7.24%

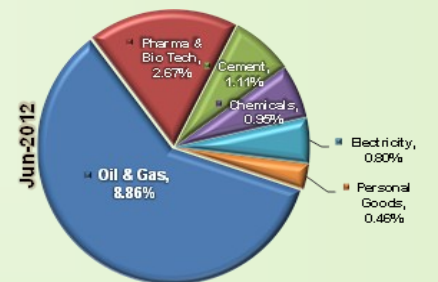
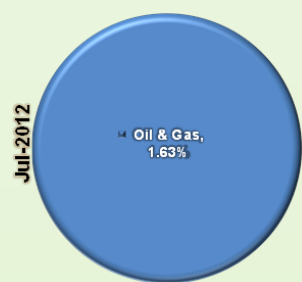
INVESTMENT OBJECTIVE
To provide Riba-Free "*Halal Munafa!*" to investors by investing maximum 25% of net assets in equities, while the high percentage of non-equity income provides stability.

ASSET MIX	Jul-2012	Jun-2012
Musharika	3.28%	10.08%
Sukuk	10.41%	11.94%
GoP Ijara	41.61%	38.43%
Cash & Eq.	36.46%	20.32%
Equities	1.63%	14.85%
Others	6.61%	4.38%

CREDIT QUALITY	Jul-2012	Jun-2012
AAA	41.61%	38.43%
AA	10.41%	9.76%
< A-	3.28%	10.08%
Unrated	0.00%	2.18%



EQUITY ALLOCATION	Jul-2012	Jun-2012
Oil & Gas	1.63%	8.86%
Pharma & Bio Tech	0.00%	2.67%
Cement	0.00%	1.11%
Chemicals	0.00%	0.95%
Electricity	0.00%	0.80%
Personal Goods	0.00%	0.46%



DETAILS OF NON COMPLIANT INVESTMENTS						
Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% of Net Assets	% Gross Assets
Pak Elektron Limited	SUKUK	17,280,105	17,280,105	-	0.00%	0.00%
Maple Leaf Cement Factory Limited	SUKUK	48,084,137	48,084,137	-	0.00%	0.00%
Maple Leaf Cement Factory Limited	SUKUK	1,840,000	1,840,000	-	0.00%	0.00%
New Allied Electronics Industries Limited	SUKUK	5,027,500	5,027,500	-	0.00%	0.00%
Invest Capital Investment Bank Limited	COM	31,500,000	23,625,000	7,875,000	3.34%	3.28%
TOTAL		103,731,742	95,856,742	7,875,000	3.34%	3.28%

DIF (DMMF) TOP TEN SECURITIES		
Investee Company	Type	%
Gop Ijarah	SUKUK	42.48%
Engro Fertilizer Limited	SUKUK	10.63%
Invest Capital Investment Bank Limited	COM	3.34%
TOTAL		56.46%

FUND MANAGER'S COMMENTS
During the month, Fund generated a return of -7.24% as compared to its benchmark which produced a return of 1.79%, hence, underperformed by 9.03%. It was due to provisions on non-performing debts. DIF is still a goldmine for those who want to earn capital gains on investments.

WWF DISCLOSURE
The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 1.25M, if the same were not made the NAV per unit/return YTD of the Scheme would be higher by Rs. 0.46/0.49%. For details investors are advised to read the Note 8 of the latest Financial Statements of the Scheme.



FIRST DAWOOD MUTUAL FUND

TREASURE CHEST - JULY 2012

FUND STATISTICS

Name of Fund	First Dawood Mutual Fund
Structure	Closed End
Industry Category	Balanced
Benchmark	50% KSE-100 + 50% Avg. 6 MKIBOR
Trustee & Custodian	CDC Pakistan Limited
Auditor	Ernst & Young Ford Rhodes
Registrar	FD Registrar Services Pvt. Limited
Legal Advisor	Bawaney & Partners
Launch Date	23-Mar-2005
Listing	KSE
Management Fee	2.00% per annum
Pricing Mechanism	Forward
Risk Profile	Medium - High
AMC Rating	AM3- by PACRA

PERFORMANCE STATISTICS

Net Assets	PKR 507.7 M
NAV	PKR 8.74
Wt. Avg. Time To Maturity	0.22 Years
Standard Deviation	N/A
Sharpe Ratio	N/A
Sortino Ratio	N/A
Information Ratio	N/A
VAMI	1.02

RETURNS	Jul-2012	Jun-2012
FDMF	2.34%	1.67%
Benchmark	3.31%	0.55%
Alpha	-0.97%	1.11%

HISTORICAL RETURNS

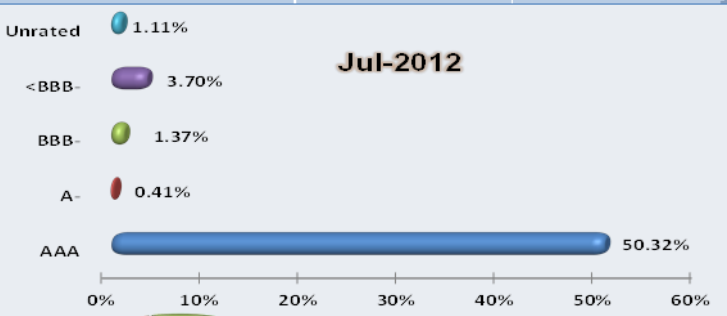
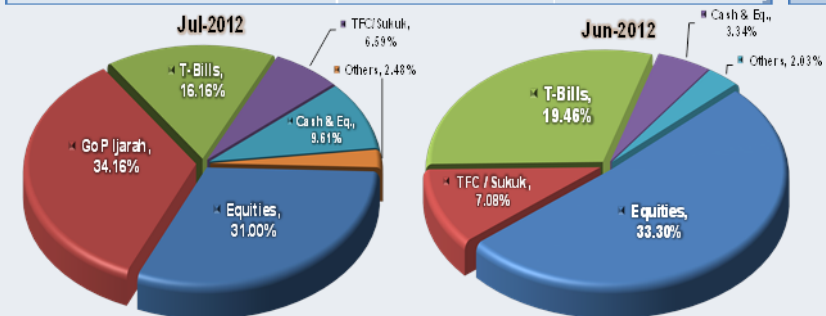
1 Month	3 Months	6 Months	YTD
2.34%	4.80%	1.27%	2.34%

INVESTMENT OBJECTIVE

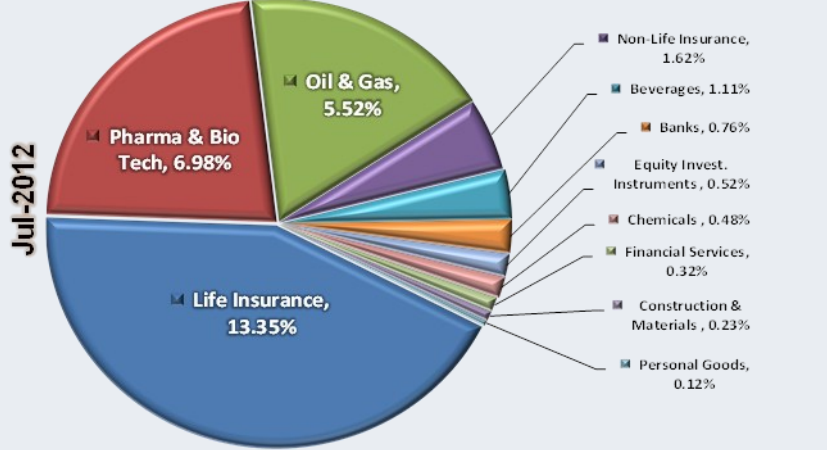
To preserve the investor's capital while providing a return greater than that offered by other investments of similar risk profile through investments in a mixed portfolio of money market, fixed income and stocks.

ASSET MIX	Jul-2012	Jun-2012
Equities	31.00%	33.30%
GoP Ijarah	34.16%	0.00%
T-Bills	16.16%	19.46%
TFC/Sukuk	6.59%	7.08%
Cash & Eq.	9.61%	3.34%
Others	2.48%	2.03%

CREDIT QUALITY	Jul-2012	Jun-2012
AAA	50.32%	19.46%
A-	0.41%	0.42%
BBB-	1.37%	1.76%
<BBB-	3.70%	3.78%
Unrated	1.11%	1.13%



EQUITY ALLOCATION	Jul-2012	Jun-2012
Life Insurance	13.35%	13.03%
Pharma & Bio Tech	6.98%	5.98%
Oil & Gas	5.52%	6.50%
Non-Life Insurance	1.62%	1.59%
Beverages	1.11%	0.90%
Banks	0.76%	0.79%
Equity Invest. Instruments	0.52%	0.56%
Chemicals	0.48%	1.04%
Financial Services	0.32%	0.45%
Construction & Materials	0.23%	1.55%
Personal Goods	0.12%	0.32%
Electricity	0.00%	0.45%
Food Producers	0.00%	0.13%



DETAILS OF NON COMPLIANT INVESTMENTS

Name of Investment	Type	Value Before Provision	Provision (if any)	Value After Provision	% Net Assets	% Gross Assets
Escort Investment Bank Limited	TFC	920,950	-	920,950	1.38%	1.37%
Telecard Limited	TFC	6,818,728	6,818,728	-	0.18%	0.18%
Maple Leaf Cement Factory Limited	SUKUK	54,372,446	54,372,446	-	0.00%	0.00%
Maple Leaf Cement Factory Limited	SUKUK	1,844,992	1,844,992	-	0.00%	0.00%
Pace Pakistan Limited	TFC	9,988,000	9,988,000	-	0.00%	0.00%
B.R.R. Guardian Modaraba	SUKUK	18,046,875	-	18,046,875	0.00%	0.00%
Amtext Limited	SUKUK	22,500,000	22,500,000	-	3.55%	3.52%
Invest Capital and Investment Bank Limited	TFC	19,461,809	19,461,809	-	0.00%	0.00%
New Allied Electronics Industries Limited	TFC	7,222,749	7,222,749	-	0.00%	0.00%
Kohat Cement Company Limited	SUKUK	5,662,500	-	5,662,500	0.00%	0.00%
TOTAL		146,839,049	122,208,724	24,630,325	5.12%	5.07%

FDMF TOP TEN DEBT SECURITIES

Investee Company	Type	%
Gop Ijarah	SUKUK	34.47%
B.R.R. Guardian Modaraba	SUKUK	3.55%
Trust Investment Bank Limited	TFC	1.38%
Kohat Cement Company Limited	SUKUK	1.12%
Avari Hotels (Pvt) Limited	TFC	0.42%
Escort Investment Bank Limited	TFC	0.18%
TOTAL		41.12%

FUND MANAGER'S COMMENTS

During the month, Fund generated a return of 2.34% against 3.31% return on its benchmark, hence, underperformed by 0.97%. In anticipation of positive market sentiments, FDMF has taken new exposures with cautious approach.

WWF DISCLOSURE

The Scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 0.24M, if the same were not made the NAV per unit/return YTD of the Scheme would be higher by Rs. 0.0042/0.05%. For details investors are advised to read the Note 10 of the latest Financial Statements of the Scheme.