



DAWOOD MONEY MARKET FUND

Fund Manager's Report

January 2008

Investment Objective

The Fund's objective is to **preserve the investor's capital** while **providing a return on capital greater than that offered by other investment avenues** of similar risk profile.

DMMF is **very conservative** and **risk-averse** and primarily invests in only "A" rated Term Finance Certificates, bonds, corporate debentures, Government Securities and other money market instruments.

Salient Features

Fund	DMMF
Industry Category	Income
Fund Type	Open-end
Fund Launch	18 April, 2003
Risk Profile	Low Risk
Min Investment	Rs. 5,000/-
Management Fees	1.00%
Net Assets – 31/01/2008	PKR 3,483 Million
NAV – 31/01/2008	106.3452
Listing	KSE
PACRA Rating	5 Star
Trustee	Bank AL Habib
Registrar	Gangjees

Investor Profile

DMMF is an ideal investment avenues **for investors with a conservative approach** to finance whereby **preservation of capital** coupled with returns that can **outperform inflation** remain the central goal.

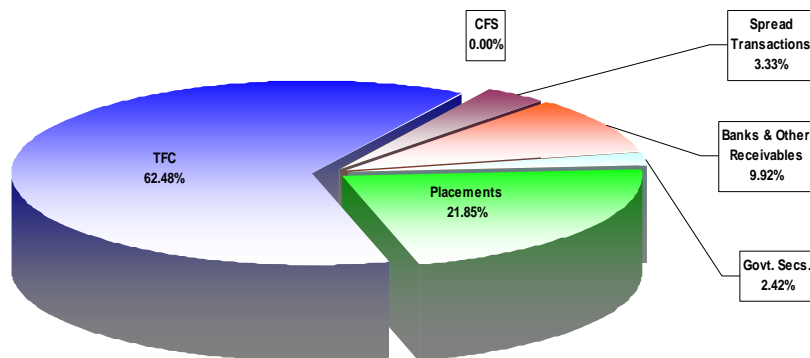
These traditionally include persons seeking higher returns than those offered by Banks, savers for an education plan, wedding or any high cost necessity, the elderly seeking a regular income or investors who wish to avoid volatility normally associated with Stock Market investment.

At the Institutional level, DMMF presents a tax efficient investment vehicle for Corporate Funds, Provident and Gratuity Funds. Treasuries with an investment horizon over 1 year, will be subject to 10% tax.

Market Commentary

The market remained tight during the month and overnight rates remained at top levels. The Fund made a monthly return of 10.03% translating to an annual return of 9.76% for the financial year 2007-08, the highest of all 5-star rated funds in both categories. The Fund has focused its investments towards debt instruments, primarily TFCs, and away from CFS to provide a stable return to unit holders. We believe this stance will enhance investor returns in the coming months in a prudent manner, targeting higher annualized returns by financial year end.

Asset Allocation



Returns

Financial Year Annualized Return 9.76%

Rolling Returns	1 Month	2 Month	3 Month	6 Month	12 Month
DMMF	10.03%	9.50%	9.57%	9.54%	10.14%
KIBOR	9.62%	9.83%	9.73%	9.68%	9.56%
DMMF outperform / under perform	0.41%	-0.33%	-0.16%	-0.14%	0.58%

KIBOR 1 month	9.62%
KIBOR 3 months	9.89%
KIBOR 6 months	10.06%
Discount Rate	10.00%
3 month T-bills (cut-off-yield)	9.0942%
6 month T-bills (cut-off-yield)	9.2962%
12 month T-bills (cut-off-yield)	9.4493%

Performance History

Performance till 30th June, 2007	DMMF	DIVIDEND	6M KIBOR
FY 2006-7	10.96%	PKR 10.91	10.00%
FY 2005-6	11.77%	PKR 11.50	9.35%
FY 2004-5	10.24%	PKR 9.70	8.45%
FY 2003-4	7.62%	PKR 7.00	2.70%
FY 2002-3	n/a	PKR 1.12	2.15%
FY 2002-3 Dividend annualised is 5.68%			

Return Analysis

Since Inception %	DMMF
Total return	9.92%
Sharpe [5%] (x)	5.926
Sortino (x)	0.54



DAWOOD CAPITAL MANAGEMENT LIMITED

0800-FUNDS (38637) - 111-DAWOOD (329663)

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DAWOOD ISLAMIC FUND

Fund Manager's Report

January 2008

Investment Objective

The Fund's objective is to provide investors the opportunity to **earn Riba-free Halal income** through investment in Sukuks, Shariah Compliant TFCs, Equity Investment and placement with Islamic Banks.

DIF is an **Asset Allocation Fund**, the first of its kind in Pakistan, allowing investors an alternative to the traditional 100% equity exposure Islamic Funds.

Due to its nature, DIF shall under perform a strong stock market and outperform a weak stock market.

Salient Features

Fund	Islamic Asset Allocation
Industry Category	Islamic Funds
Fund Type	Open-end
Fund Launch	14 July, 2007
Risk Profile	Moderate Risk
Min Investment	Rs. 5,000/-
Management Fees	1.50%
Net Assets – 31/01//2008	PKR 527.18 million
NAV – 31/01/2008	PKR. 106.6668
Listing	KSE
PACRA Rating	n/a
Trustee	CDC Pakistan Ltd.
Registrar	Gangjees

Investor Profile

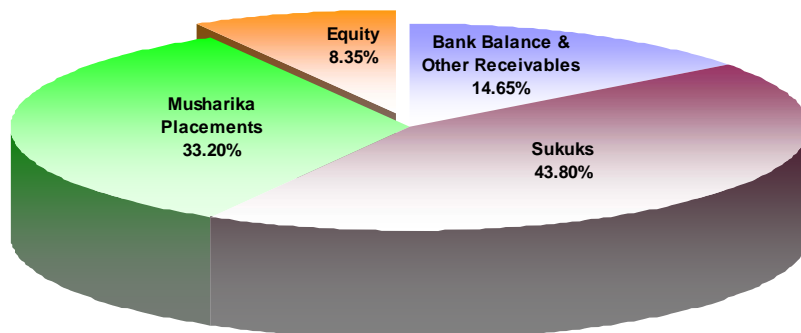
DIF provides investors the opportunity to seek gains in their investment in a **Shariah complaint** manner.

For individuals DIF allows the investor the opportunity to achieve consistent halal returns from their investment across several asset classes. Unlike most Islamic funds in Pakistan, the **impact of Stock Market volatility is dampened** in DIF. At Institutional level, DIF presents a tax efficient investment vehicle for Islamic Treasuries of Banks and Financial Institutions with an investment horizon over 1 year, Corporate Funds, Provident and Gratuity Funds.

Market Commentary

DIF made a **monthly return of 1.15% (13.5% annualized)**. KSE again repeated the trend of the previous 6 months, lots of volatility on the index, but no clear direction to end the month down less than half percent. Our continued limited exposure to equity meant the fund again provided a consistent return with the **lowest standard deviation** of all Islamic Funds with equity exposure. Since inception the annualized figure has now crossed 12%.

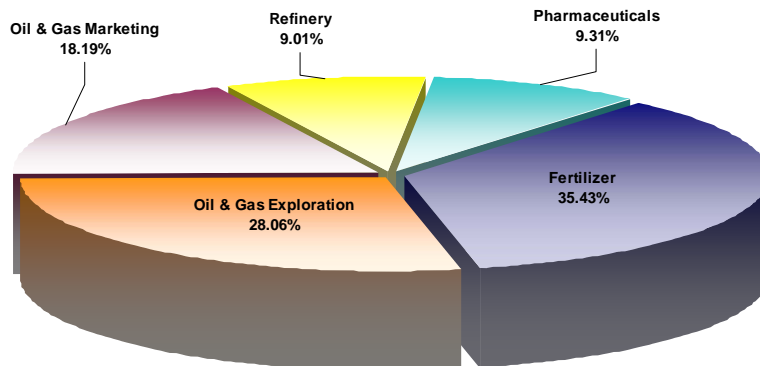
Asset Allocation



Top 5 Holdings

1. Oil & Gas Development Company (OGDC)
2. Engro Chemical Pakistan Limited (ENGRO)
3. Fauji Fertilizer Company Limited (FFC)
4. Pakistan State Oil Company (PSO)
5. National Refinery Limited (NRL)

Equity Sector Allocation



Rolling Returns

	1 Month	2 Month	3 Month	6 Month	12 Month
DIF (annualized)	13.50%	8.92%	8.77%	12.50%	N/A
KIBOR	9.62%	9.83%	9.73%	9.68%	9.56%
KSE-100	-0.42%	0.13%	-2.11%	2.02%	24.35%

Return Analysis

Since Inception %	DIF	1M KIBOR	KSE 100
Total return (annualized)	12.08%	9.62%	6.17%



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