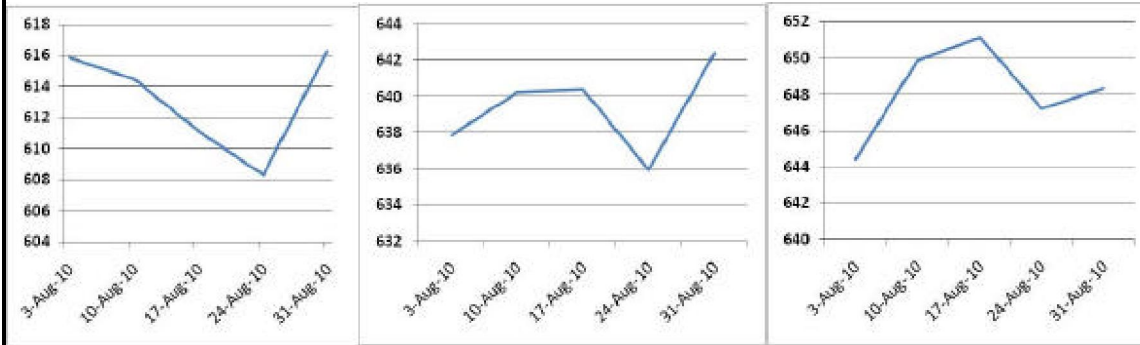




Performance of Pak-Qatar Unit Fund as at 31st August 2010



Aggressive Fund

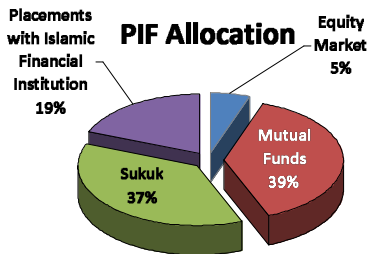
Balance Fund

Conservative Fund

		PAK-QATAR UNIT FUND		
		Aggressive	Balanced	Conservative
Net Asset Value (NAV) at inception	09-Apr-08	500.00	500.00	500.00
Net Asset Value (NAV) at beginning of year	01-Jan-10	590.42	604.65	602.66
NAV as at	31-Aug-10	616.26	642.35	648.36
Return since beginning of year (annualized)		6.60%	9.40%	11.44%
Return since inception of the fund (annualized)		9.71%	11.89%	12.39%

Asset Allocation	Aggressive	Balanced	Conservative
Equity Market	17%	4%	0%
Mutual Funds	42%	39%	24%
Sukuk	33%	37%	66%
Placements with Islamic Financial Institution	8%	20%	9%
Strategy	Capital Growth	Blend of Capital Preservation &	Capital Preservation

Commentary



MONEY MARKET

The money market was highly illiquid this month with overnight call and repo rates remaining on the higher side and went up to 13%. During the month, State Bank also conducted two T-Bill auctions and accepted Rs.199 billion against total bid of Rs. 310 billion. In line with increase in discount rate, six month KIBOR also increased by 45 bps and closed at 12.87% in August. Inflation remained persistent and stood at 12.3% for the month of July. Due to the government borrowing from the SBP and the effect of flood on everyday items, inflation is expected to increase. This will impact the monetary supply as the SBP may increase the discount rate.

EQUITY MARKET

The KSE 100 index was down 6.71%, from 10,519 to 9813, on a month on month basis. As always foreign buying was the highlight of the month as foreign flows continued pouring into stock market due to attractive valuations and cheap multiples. The net buy for the month for foreign investors was PKR 3.5 billion the volumes plummeted to 57 million shares. The recent floods have not only displaced more than 20 million people but also destroyed majority of crop land as well as damaging the infrastructure extensively. The GDP will be impacted with some market experts expecting a zero growth rate. Hike in the interest rates cannot be ruled out due to the high inflation expectations. The loss estimates due to floods are enormous but authentic assessment will take time. To give some respite to the country, the international rating agencies (S&P and Moody's) indicated that Pakistan's current rating would remain intact and foreign flows will be a crucial determinant in future. Uncertainties regarding the margin financing product will make headway in September and we expect the market to improve.

PARTICIPANT INVESTMENT FUND

As we expect that KIBOR will rise in the near future, the funds will be placed with Islamic Banks. If improved rates are not offered, we intend to make another solid layer of Sukuks with entities that have the minimum default risk. As return on sukuk are derived from KIBOR rate, the fund will be able to take advantage of the increased yield. Our stance on equity is currently conservative as they are offering lower returns as compared to the money market. The fund will be invested in blue chip stocks with a historic high dividend yield and which are traded in high volumes. This will strategy will reduce price variance as well as liquidity risk

Past performance is not indicative of future performance. Market volatility can significantly affect short-term performance. The value of investment can fall as well as rise.