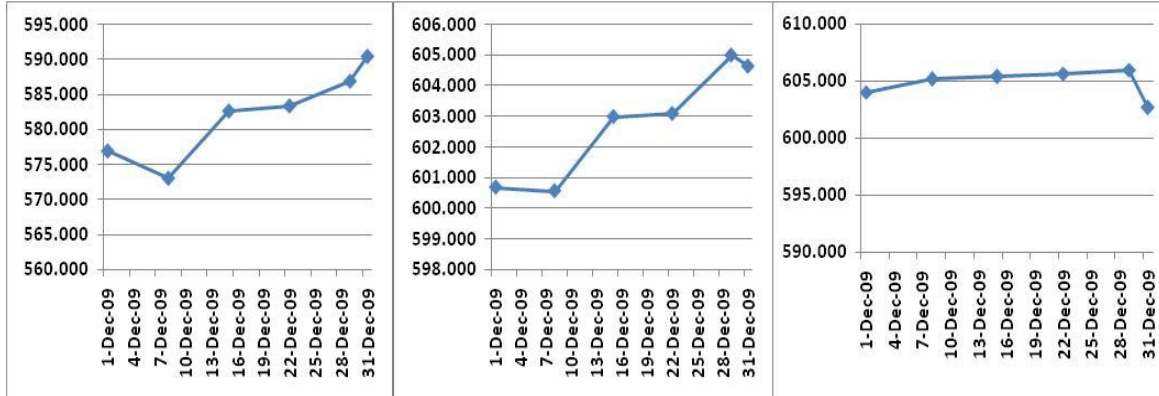




**Performance of Pak-Qatar Unit Fund as at 31st December 2009**



**Aggressive Fund**

**Balance Fund**

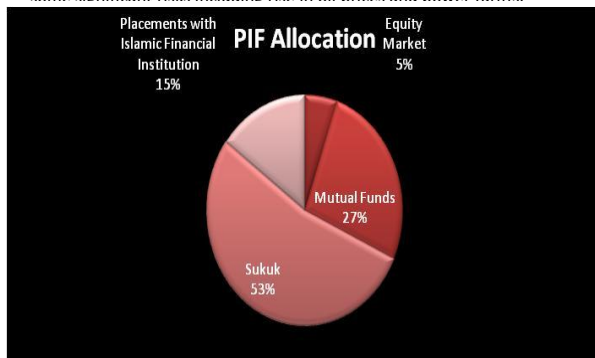
**Conservative Fund**

		PAK-QATAR UNIT FUND		
		Conservative	Balanced	Aggressive
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-09	537.25	532.42	474.46
NAV as at	31-Dec-09	602.66	604.65	590.42
Return since beginning of year (annualized)		12.21%	13.60%	24.51%
Return since inception of the fund (annualized)		11.88%	12.11%	10.46%

Asset Allocation	Conservative	Balanced	Aggressive
Equity Market	0%	4%	17%
Mutual Funds	30%	26%	27%
Sukuk	64%	53%	48%
Placements with Islamic Financial Institution	7%	17%	8%
<b>Strategy</b>	Capital Preservation	Blend of Capital Preservation & Growth	Capital Growth

**Commentary**

The Islamic Money Market bore unfavorable news at the start of the month, when Maple Leaf Sukuk was unable to pay its rental. The fund was saved from receiving a substantial decline on its portfolio as the Islamic Income Funds were converted to Term Deposits before major price revisions. Islamic Banks offered relatively attractive rates compared to risk, as they yearned for extra liquidity before the year end. While the State Bank cut the discount rate by 50bps in November as the headline CPI inflation declined to single digits however, inflation is still exposed to some significant risks including rise in oil prices and power tariffs.



This may prevent the central bank to cut discount rate substantially going forward with a maximum room of another 50bps in the next few months. Also, we expect high govt. budgetary borrowing from banks will keep government papers' yields on the higher side. Stability in international oil prices and foreign inflows will remain key factors in determining domestic interest rates and market liquidity. During December, KSE-100 increased by 180 points (1.96%) to close at 9,387. Average daily volume continued to decline to 118 million shares as compared to 127 million shares in November. Initially, before the sharp decline, our market was operating within the range of 7 to 11 P/E ratio. This ratio depicts how much investors pay for one unit currency of earning. Therefore the average of 8 maintains that investors are willing to pay 8 Rs. to earn 1 Rs. of earning. The stock market was trading at a concession of 35 to 40% as compared to other

After the downturn, PEs had fallen to less than 4 mainly because of economic and political uncertainties that had plagued the country in the past couple of years. Another important indicator is the dividend yield which is hovering around 8%, and is still better than any comparable markets in the region and in particular declining interest rate environment. Therefore compared to investment in the Islamic Money Market, equity will tend to provide better returns in the near future.

**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.**