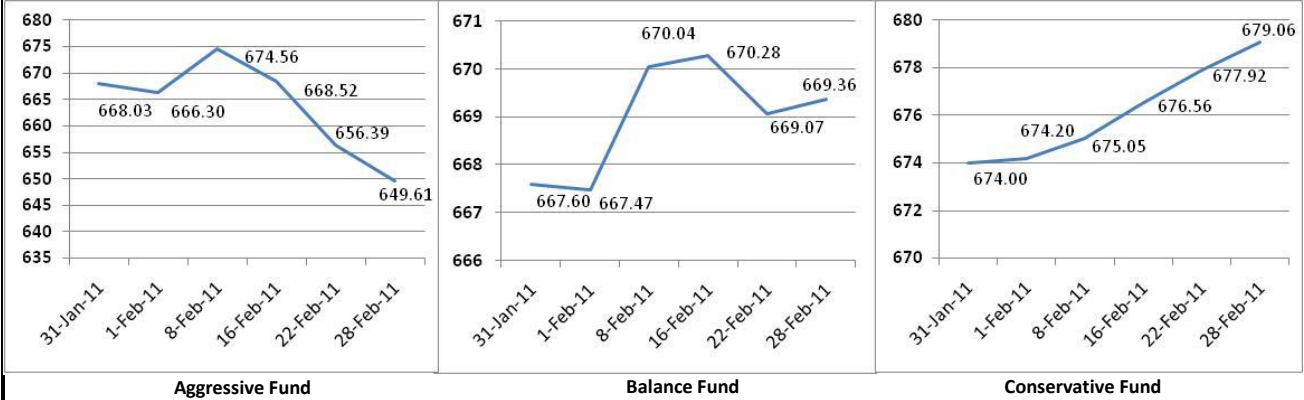
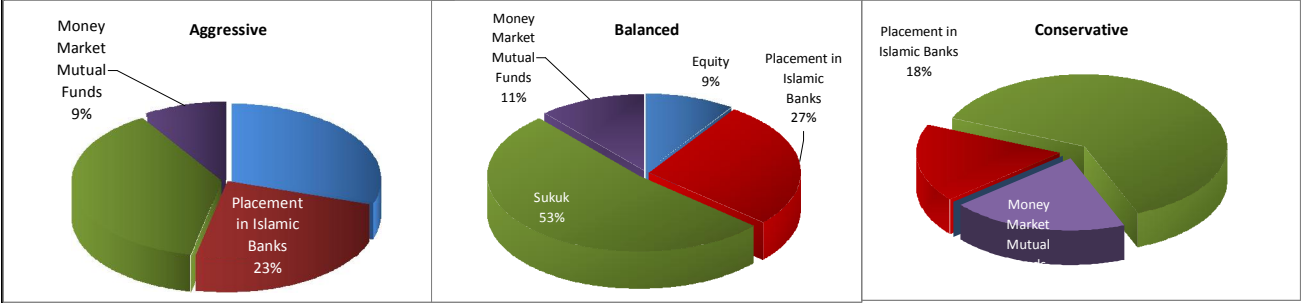




**Performance of Pak-Qatar Unit Fund as at 28th February 2011**



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	31-Dec-10	659.95	663.45	676.07
NAV as at	28-Feb-11	649.61	669.36	679.06
Assets Under Management	28-Feb-11	45,084,906	386,042,181	13,942,685
Return since beginning of year (annualized)		-9.69%	5.51%	2.74%
Return since inception of the fund (annualized)		10.35%	11.72%	12.39%



**Commentary**

**Money Market**

Inflation figures for the month of January showed a decrease at 14.2% compared to 15.5% for December 2010. After maintaining the status quo and keeping the discount rate at 14%, the State Bank has used other avenues to decrease liquidity in the money market which is smart as sole reliance on the discount rate was not able to rein in inflation. These measures include well timed open market operations for reducing extra liquidity or injecting it when the market gets dry and increasing the SLR requirement for Islamic Banks by 5%. The steps by the State Bank have helped keep money market rates stable.

**Equity Market**

The KSE Index declined by about 1,070 points in the month of February to end at 11,289 points with average volumes declining to 96 million as compared to 170 million last month. The market was under pressure for the whole month of February although the State Bank of Pakistan kept the discount rate unchanged at 14% which was supposed to be a positive for the market. The index plunged on account of foreign selling due to the Raymond Davis Case and the exit of PML-N from the coalition; this movement was further exacerbated by panic selling by the locals. Initially the oil prices were kept subsidized by the government but the latest hike could not have been ignored as oil prices in the international market crossed the 100\$ per barrel mark on the back of the Middle East uprising. This bodes well for the Exploration and Production Sector especially POL which is most sensitive to the prices in the international prices. Pundits say that the increase in the Oil Prices is here to stay for a longer period of time as opposed to the increase in 2008 which was a speculative bubble. On a positive note the MTS has been confirmed to be launched in March. This will improve liquidity and may improve overall level of the market.

**Participant Investment Fund**

The political uncertainty has had a negative impact on the equity market, however at these levels valuations are attractive. The oscillating market has validated a conservative approach in equities. There are several partial principal redemptions in March which will improve yield on the funds. As for the equity market, we will continue buying on dips.

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.