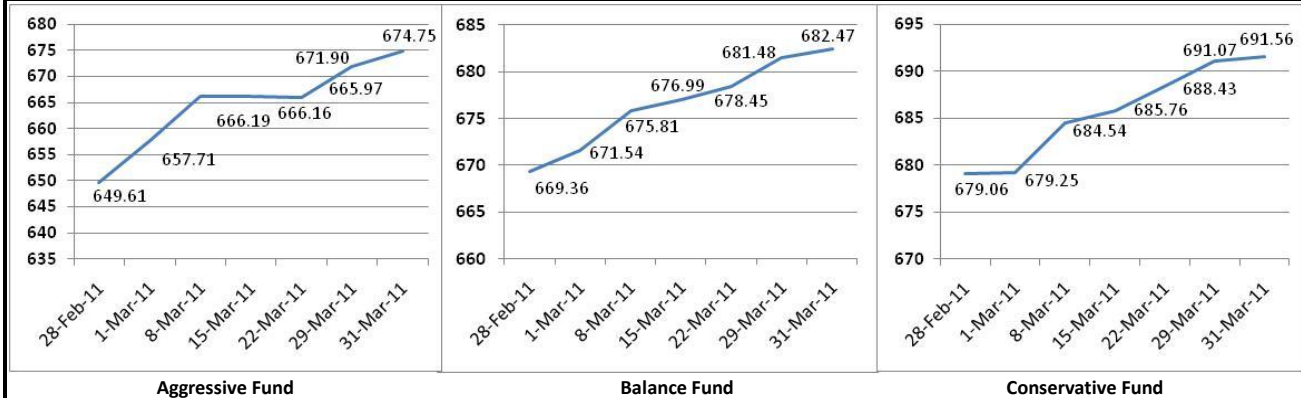
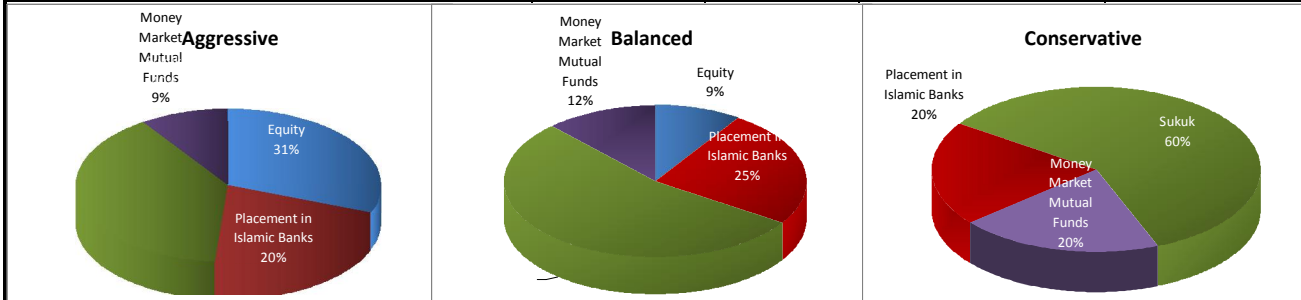




**Performance of Pak-Qatar Unit Fund as at 31st March 2011**



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	31-Mar-11	674.75	682.47	691.56
Assets Under Management	31-Mar-11	50,222,643	424,204,075	16,121,751
Return since beginning of year (annualized)		9.09%	11.63%	9.29%
Return since inception of the fund (annualized)		11.75%	12.27%	12.88%



**Commentary**

**Money Market**

Inflation figures released for February showed an improvement from 14.2% in January '11 to 12.9% in February '11. This is because 1) Increase in oil prices was not passed on completely to the consumers 2) Dispersion of the effect that the flood had on food prices 3) Fiscal discipline exhibited by the Government. Difficult decisions have been made by the government which includes the new tax measures, cut in development expenditures and postponement of the subsidies. This will reduce the fiscal deficit in the short run. However, these steps have to be consolidated further to improve the long term fiscal position of the country. Uncertainty in the world economy due to MENA (Middle East North Africa) uprisings coupled with the national disasters in Japan will take its toll in the international economy and will increase the price of commodities which may lead to higher inflation.

**Equity Market**

The KSE Index increased by about 520 points in the month of March to end at 11,810 points with average volume increasing to 100 million from 96 million a humble increase of 4 million, month on month. The index increased despite a net foreign outflow of USD 16 million. Since January the market has dropped 213 points even on the back of margin trading which was supposed to be a savior for the market, but has disappointed the market participants. In the yesteryears, margin financing in the form of badla was straightforward with little sophistication. The badla system was the cause that created bubbles and eventually crashes. Due to the finer points of MTS implemented now, time will be needed for it to reach potential. Political tension decreased due to the end of the Raymond Davis debacle which was a positive as shown by the increasing trend in March. Capital Markets all over the world were volatile because of the political turmoil in the Middle East oil Hub and the nuclear meltdown in Japan. There will be an impact on the oil prices in the international scenario which will also affect the local bourse. Higher exports and worker's remittances led to a sustained improvement in the current account deficit during the July – Feb 2011. Total foreign exchange reached a high of USD 17.5 billion.

**Participant Investment Fund**

March had many principal redemptions which have led to an improved yield over the course of the month. This fact coupled with the improved sukuk and equity market has led to **monthly gains of 45.57%, 23.06% and 21.67%** for Aggressive, Balanced and Conservative respectively. For the coming month, our view of equity is cautious, investment will be made in companies that have strong fundamentals.

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.