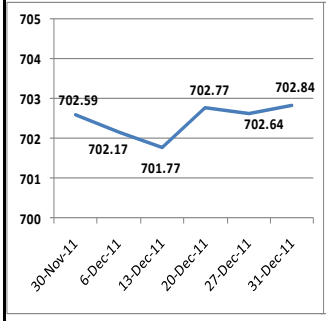
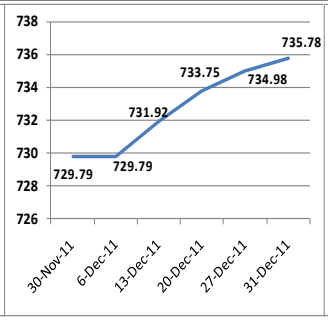
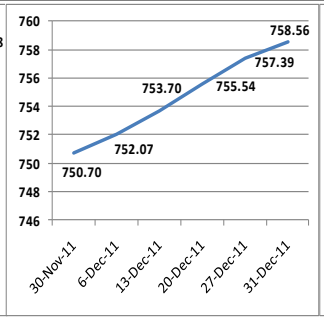
Performance of Pak-Qatar Unit Fund as at 31st December 2011



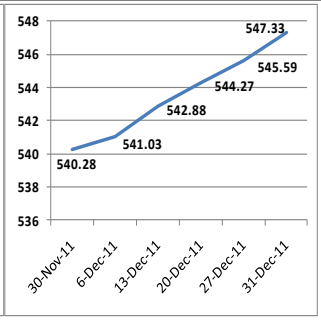
Aggressive Fund



Balance Fund

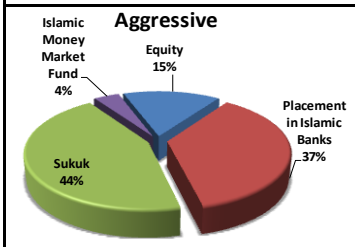


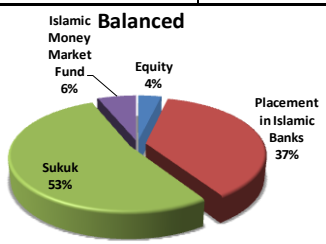
Conservative Fund

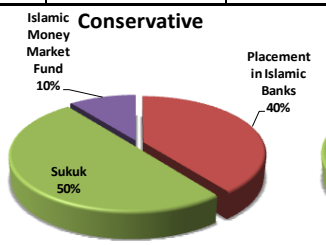


Secure Wealth Fund

		PAK-QATAR UNIT FUND			
		Aggressive	Balanced	Conservative	Secure Wealth
Net Asset Value (NAV) at inception		500.00	500.00	500.00	500.00
Inception Date			09-Apr-08		26-Apr-11
Net Asset Value (NAV) at end of 2010	31-Dec-10	659.95	663.45	676.07	-
NAV as at	31-Dec-11	702.84	735.78	758.56	547.33
Assets Under Management	31-Dec-11	94,092,798	691,951,750	35,651,275	35,465,997
Return since beginning of year (annualized) **net of IMC**		5.00%	9.40%	10.70%	-
Return for the month (annualized) **net of IMC**		-1.08%	8.16%	10.83%	13.86%
Return since inception of the fund (annualized) **net of IMC**		9.38%	11.15%	12.37%	12.38%







Commentary

Money market situation

Six month KIBOR remained flat for the month. SBP conducted OMOs, liquidity was mopped up on two occasions and injected on seven occasions. An ijarah auction was also conducted on the 20th of December. The central bank accepted a collective amount of PKR 70 billion as opposed to participation of PKR 84 billion. Inflation for the month was 9.75% for the month of December. This is the lowest inflation rate since the last thirteen months. The inflation figures will probably be the rationale for a discount rate cut in the future. On the forex front, the dollar appreciated against the rupee to close in at PKR 90.10/$ in the open market. With FY12 average inflation to fall below government expected target of 12% with comfortable external account position during 1H on account of favorable commodity prices and rising remittances, the central bank initiated the process of monetary easing to provide much need impetus to economic growth. Staggered in 2-stages, SBP slashed the policy rate by 200bps during July-October 2011.

Equity market situation

The KSE 100 index decreased by 185 points (-1.6% month on month), closing in at 11,348. The average volumes were 42 million as opposed to 45 million last month. The highest daily fall was 199 (-1.73%) points on the 13th of December; the largest increase was 255 points (+2.21%) on the 20th of December. Foreigners offloaded net equity of more than USD 24 million as compared to USD 4.8 million last month. Attached is the performance of Global Markets:

Country	Index	Nov-11	Dec-11
UK	FTSE	-0.70%	1.22%
USA	NASDAQ	-2.39%	-0.58%
USA	Dow Jones	0.76%	1.43%
China	Shanghai	-5.46%	-5.74%
Hong Kong	Hang Seng	-9.44%	2.47%
Japan	Nekkei	-6.16%	0.25%
India	BSE Sensex	-8.93%	-4.15%
Pakistan	KSE 100	-2.83%	-1.61%

Like many other markets of the world, it was a bad year for Pakistan capital markets also. Not only local market posted negative return of 5% (US$9%) in 2011, activities in the local bourses plunged to 10-year low. Buying selling of shares, floating of new companies and fund raising through right shares, all remained depressed in 2011.

Besides strained Pak-US relations, turmoil in global financial markets, economic slowdown and local political impasse affected overall market sentiments. Most importantly, market players remain concerned about re-introduction of Capital Gain Tax (CGT) after a gap of more than 3 decades, its understanding and last but not the least its cumbersome calculations. Resultantly, individual investors preferred to remain on the sidelines.

Participant Investment Fund and Secure Wealth Fund

The net of IMC return for the month for Aggressive and Balanced Funds were -1.08%, 8.16% respectively. Returns were reduced due to negative return posted by the equity market for the month of December. Conservative and Secure Wealth Funds net of IMC return for the month were 10.83% and 13.86% respectively.

Sukuk returns and Term Deposits are set to decrease due to the impact of the 200 bps cut in the monetary policy on a major portion of our funds. As inflation has clocked around 9.75% for December, it may provide an impetus for further discount rate cuts. Opinions of further discount rate cuts vary considerably. Considering our portfolio and active management of funds, the upcoming year will be better, god willing.

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.