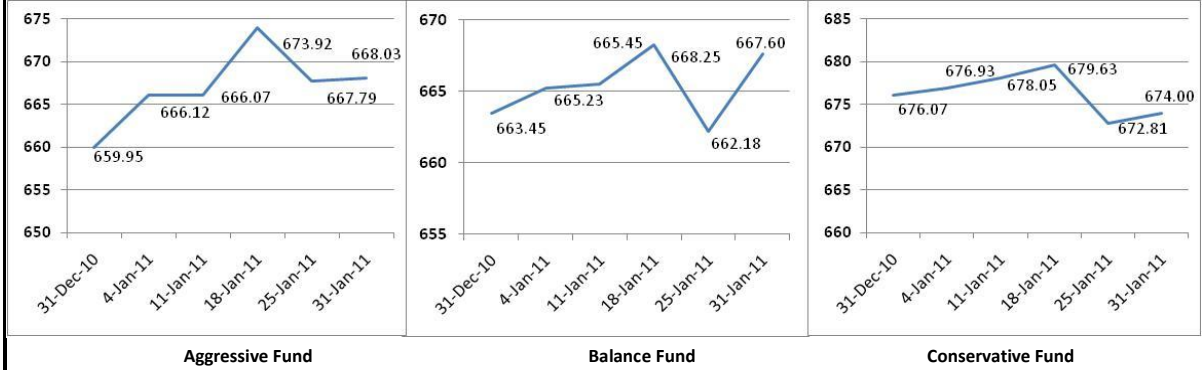
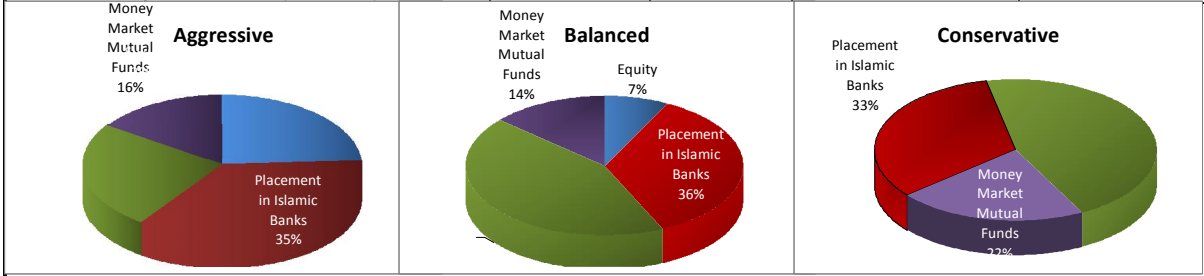




**Performance of Pak-Qatar Unit Fund as at 31st January 2011**



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-Jan-11	668.03	667.60	674.00
Assets Under Management	31-Jan-11	41,959,451	368,357,919	13,004,503
Return since beginning of year (annualized;)		14.42%	7.36%	-3.61%
Return since inception of the fund (annualized)		11.94%	11.91%	12.37%



**Commentary**

**Money Market**

The State Bank of Pakistan kept the policy rate unchanged at 14%. Improvement in external account as well as controlled government borrowing were cited as validations for maintaining the status quo. A further hike in the policy rate is likely as the government is providing subsidies on fertilizer and fuel products which will lead to further fiscal deficits, borrowing from the SBP and eventually leading to inflation.

The SBP conducted eight open market operations where liquidity was injected on seven occasions.

**Equity Market**

2011 started on a strong positive note, opening at 12,022 increasing 2.8% to end at 12,359 points. Volumes also increased month on month to average at 170 million in January as compared to 139 million in December. Foreign inflows is the main reason that the market remained buoyant along with expectations of higher corporate payouts. Fertilizer sector outperformed the market on the back of increasing urea prices. Corporate results were announced by POL, PPL, APL, FFC, FFBL and LUCK, most of the results were in line with expectations (post bull run prices), and the only let down was LUCK.

The discount rate was kept at 14 percent (announced in January), which was a surprise considering everyone in the market expected the increase. This expectation led to low volumes as month end neared. Although the announcement is a positive for the capital market, a 50 basis point hike in the discount rate cannot be ruled out.

**Participant Investment Fund**

As managers of your hard earned money, there are a few aspects of investment that should be pointed out. The decrease in unit price of **Conservative** fund was due to decrease in market value (published by MUFAP) of Century paper & Board Mills Sukuk and SSGC Sukuk which decreased by approximately 2% and 8% respectively. This does not imply that the values of these two sukuk have decreased permanently. As these sukuk start making principal repayments, the decreases in market values will reverse. To a certain extent revaluation this aspect can also be applied to **Balanced** and **Aggressive** funds.

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.