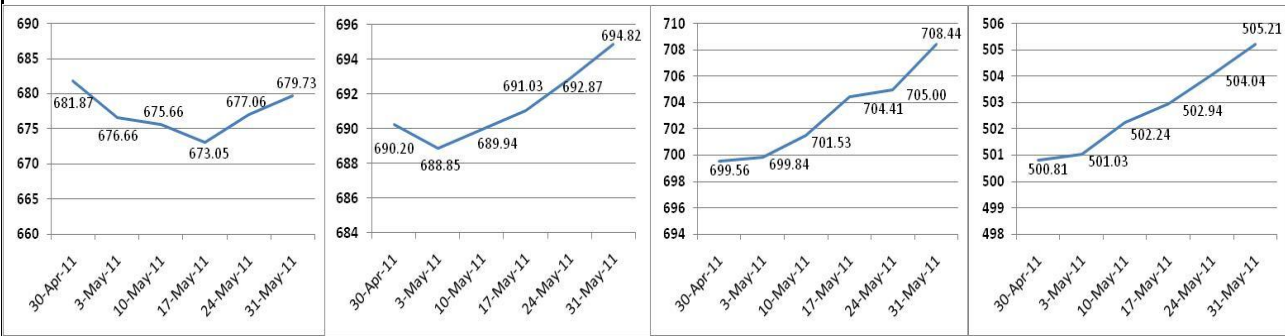
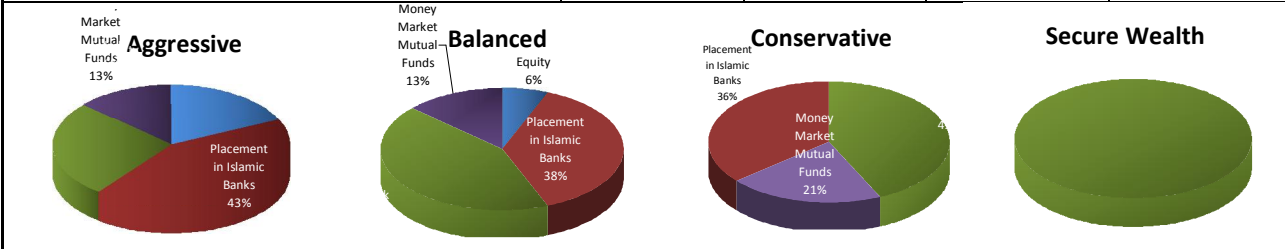




## Performance of Pak-Qatar Unit Fund as at 31st May 2011



		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			
Net Asset Value (NAV) at beginning of year	31-Dec-10	659.95	663.45	676.07	-
NAV as at	31-May-11	679.73	694.82	708.44	505.21
Assets Under Management	31-May-11	59,665,109	479,324,875	18,277,701	6,006,433
Return since beginning of year (annualized) <b>net of IMC</b>		5.74%	9.93%	10.07%	-
Return since inception of the fund (annualized) <b>net of IMC</b>		9.94%	10.90%	11.77%	9.37%



## Commentary

### Money Market

The State Bank of Pakistan launched GoP Ijara Sukuk VIII on the 9<sup>th</sup> of May; the participation was PKR 51.2 billion. Bids were accepted for PKR 45.8 billion at 13.4528%. To stabilize the liquidity position Open Market Operations were conducted on a regular basis. Out of the 8 OMOs conducted liquidity was injected on three occasions and wiped on the other five. Although the SBP is following up diligently on the status of government borrowing, in the latest monetary policy the SBP stated that private credit is being squeezed as the government finances its deficits by the borrowings through the SBP. This leads to inflation and the only remedy is responsible fiscal reforms. State Bank had also conducted PIB auction and accepted Rs.28 billions. The target of the auction was Rs.20 billion. The cut off yield of ten year bond has remained flat to close at 14.1%. The KIBOR rates remained stable during the month with six month KIBOR increasing by 7 bps to close at 13.74%

### Equity Market

KSE 100 posted a minor gain of 66 points during May. The average daily turnover decreased further to 71.39 million shares as compared to 75.52 million last month. The month started out with the operation in Abbottabad which led to strained ties between the US and Pakistan. The visit of US Secretary of State was a big step towards the atmosphere returning to normal. Post PNS Mehran, the terror resistant market showed all round positive gains. For the month, the market remained oscillating due to budget uncertainties. A positive for the market was maintaining the discount rate at 14%. The SBP noted that currently there is an output gap which will lead to further inflation. We are in inertia with a high inflation rate and a low growth rate which needs to be broken through investment that will close the supply demand gap. Foreigners remained net buyers of equity for the month with \$ 26.36 million.

### Participant Investment Fund and Secure Wealth Fund

Secure Wealth Fund is showing returns based on government guaranteed sukuks, the returns are going to improve moving forwards as the fund size increases. The returns are expected to exceed 11% (net of 1.5% IMC) for the coming months. Investment in Balanced and Conservative Funds are on track as the Sukuks weightage of both the funds is high. As for the aggressive fund, a strategy has been created to improve the returns so that it closely matches the KSE 100 benchmark.