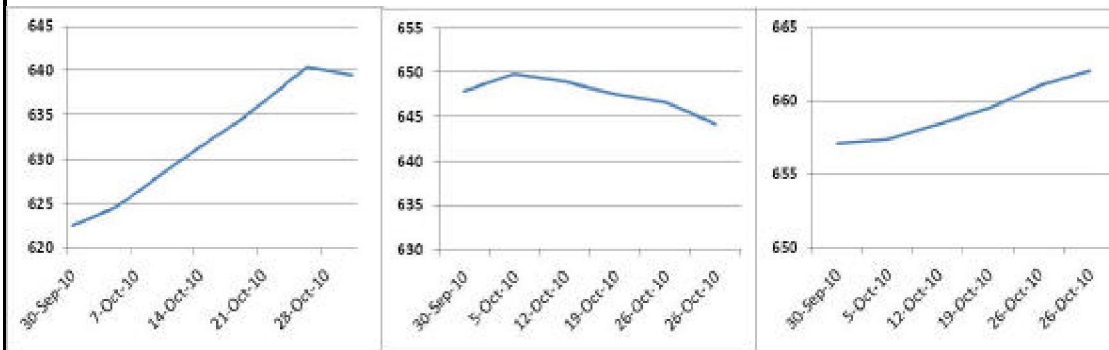




**Performance of Pak-Qatar Unit Fund as at 31st October 2010**



**Aggressive Fund**

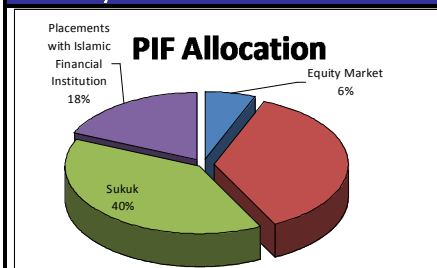
**Balance Fund**

**Conservative Fund**

		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	01-Jan-10	590.42	604.65	602.66
NAV as at	31-Oct-10	639.49	644.21	662.05
Return since beginning of year (annualized)		10.01%	7.88%	11.87%
Return since inception of the fund (annualized)		10.89%	11.26%	12.65%

Asset Allocation	Aggressive	Balanced	Conservative
Equity Market	18%	5%	0%
Mutual Funds	40%	36%	23%
Sukuk	29%	40%	56%
Placements with Islamic Financial Institution	13%	19%	21%
<b>Strategy</b>	Capital Growth	Blend of Capital Preservation &	Capital Preservation

**Commentary**



**MONEY MARKET**

Following the increase in discount rate 6-month KIBOR increased by 0.31% to average at 13.21%. Excess liquidity generated interest in the government paper. There was a shift in preference towards 3 month paper from six months or one year tenure. Inflation stood at 15.7% for September compared to 13.2% in August. We expect the SBP to further tighten the monetary stance in the policy which will be announced in the end of November. Government borrowing and inflation are the key culprits for monetary tightening.

**EQUITY MARKET**

During the month of October the index gained 585 points to end at 10,598 at the month end. Stock specific rallies were triggered by better than expected corporate results. Average daily volumes increased to 107 million as compared to 61 million shares in the previous month. We anticipate a correction in the market in November due to potential political instability, a hike in discount rate and weak macroeconomic fundamentals. Positive news in the market could relate to the release of the IMF tranche as well as the margin trading system, this would lead the market to perform above and beyond expectations. In other developments, the GDP forecast by SBP was lowered to 2%-3% following the devastation caused by floods in August. The target GDP growth rate before the floods was 4.5%. Inflation increased to a 17 month high of 15.71% year on year on September, which was accounted for in the SBP report as they increased the forecast to 13.5%-14.5% as compared to a target of 9%. The month of October is a corporate announcements period and the results announced by the majority of the companies were better than or in line with the market expectations. LUCK, NRL, OGDC, KAPCO, NML posted better than expected earnings growth where as results of DGKC, HUBC, APL, POL, PPL, PTC and ICI were very much in line with market expectations.

**PARTICIPANT INVESTMENT FUND**

The aggressive fund was the star performer for the month, as the decision to purchase undervalued securities paid dividends this month. The fund is going to perform as the stock market is expected to reach 11,000 points. We will keep investing in high quality sukus which are offering attractive yields over the long term. The funds experienced volatility due to the price fluctuations in Sukuk (prices are determined by the Mutual Fund Association of Pakistan). Ironically, Engro sukuk which was revalued at 88 is being traded at 100. All in all the long term prospects of the funds are bright.

**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.**