

FUND MANAGER

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FUNDS FACTS

Net Assets (million)	228.592
Fund Type	Open-End
Category	Equity
Launch Date	15-Dec-03
Benchmark	KSE100
Dealing Days	Mon-Fri
Dealing Time	9am-3:30pm
Pricing	Forward
Mgmt Fee	2%
Sales Load	2%
Trustee	CDC
Auditor	Ford Rhodes
Fund Rating:	
1Yr Rating	2 Star
2Yr Rating	3 Star
3Yr Rating	5 Star
AMC Ratings	AM4+
Risk Profile	Mod-High

PORTFOLIO STATISTICS

	CDF	KSE-100
PE _x	5.9	7.5
PBV _x	2.0	2.5
DY%	8.0	6.8
No.of holdings	16	100

RETURNS

	CDF	KSE-100
Since Inception	103%	126%
1 Year	22%	36%
FYTD	8%	8%
1 Month	8%	8%

RISK STATISTICS

	CDF	KSE-100
Annual Volatility	28%	27%
Semi Volatility	21%	20%
Alpha	0.1%	-
Beta	0.9	1.0
Positive Months	68%	67%
Sharpe Ratio	0.24	0.30

Manager's Comments

Strong reasons make strong actions. SBP's latest 31-page Monetary Policy Statement (MPS) dated July 30th simply speaks of that. As obvious as the fact is, fiscal indiscipline stands as the major worry for the Central Bank. The strong action (0.50% discount rate hike!) shouldn't be of much surprise to anyone cognizant of the strong reasons. Moreover, the timing we feel could've been any better. That's based on our couple of observations: Firstly, the same market experts and full-time economists who had thought of substantial cuts in the discount rate sometime in 2009 were now mostly anticipating a status quo on July 30th while expecting some tightening later during the fiscal year. So if history could've been of any guide, the tightening had to begin just right away or far too later! If we notice, essentially everything that the SBP has been doing of late is only maintaining an extremely cautious stance. Inflationary pressures never materially eased off and so has SBP been quite shy to ease the monetary policy. Similarly, as the government borrowings continued to remain unabated; SBP had to resort to little more tightening instead. And now coming to our second observation on timing of SBP's decision, we relate that to the technically infamous 10,500 index level, the high which the market touched during the pre-March 2005 crisis. We had a feeling that something negative for equities might just emerge yet again at the same very level. And so it somehow happened.

Despite a wonderful weather and a cheerful time for stocks during most of July, the month ended on a little worrying note when SBP released its MPS right after the market closing hours in the evening. Anyways, KSE-100 and KSE-30 inched up by 8.2% and 9.7% respectively during the month. Whereas, your fund's NAV appreciated by 8.34%; while, maintaining an exposure of around 90% in equities during July. We added allocation to Banks and Fertilizers whereas booked gains in telecom. Speaking of the rally during the month, it has mostly been based on hopefulness regarding domestic liquidity flows to the stock market in the form of a leverage product on back of recent top level meetings between the brokers and regulators. Though, we feel it may probably take some more time for any upcoming leverage mechanism to be in place at the bourses before all of its modalities get finalized. Whereas, if it comes through quite well and particularly in good time, we can see an even stronger "tezi" in equities. Though, what appears really challenging is for the market to actually cross the 10,500 level in the first place. We believe the market would remain little unwilling to trade above that especially given the prevailing results season. That is mostly characterized by a range-bound market where stocks often fall victim to the announcement effect. Therefore, we cannot rule out such a possibility this time as well. As for the financial results alone, we are bullish on the Apr-Jun 2010 earnings of our portfolio companies.

An unfortunate monsoon in Pakistan came out as the saddest story for 2010 so far into later half of July. The daunting flood is proving to be extremely fatal for precious human lives. And it is further expected to flow to the southern parts of the country as well in coming days. Social and economic costs appear to be colossal. We can at least hope that August may bring along with it some favorable meteorological data inshallah. In other major environmental damage caused earlier by the BP's oil spill in the Gulf of Mexico, the company had to set aside USD 32bn to cover related costs. BP has also announced it would sell off USD 30bn of its assets. Also, don't forget the company has already disclosed its plan of exiting from Pakistan. Overall, this incident doesn't depict any good picture for Supply dynamics of the Global Oil industry while challenging deep water drilling and posing serious political and regulatory risks. Though, amongst the potential emerging players, we somehow expect Iraq to play initially the Night watchman's innings and, may be, later a full-fledge batsman's innings in the long run. Global Oil firms like Shell, BP, Exxon Mobil and Total are already in talks with Baghdad to sign major E&P deals. In the meantime, we foresee Oil prices to remain volatile within the prevailing narrow range.

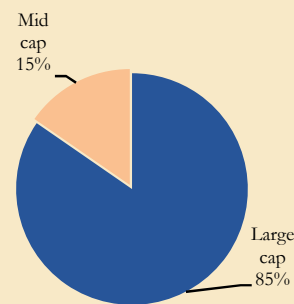
Investment Objective

Long term capital growth from an actively managed portfolio of equity securities

Top Ten Holdings

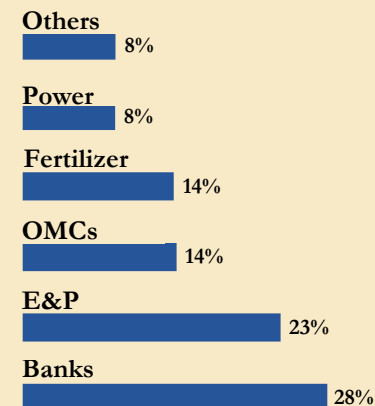
Oil & Gas Dev. Co.	9%
Hub Power	8%
Pak.State Oil	8%
Fauji Fertilizer	7%
Pak. Petroleum	7%
Pak. Oilfields	7%
MCB Bank	7%
National Bank	6%
Engro Corp.	6%
Attock Petroleum	6%

Portfolio Analysis (MktCap-wise)



Large Cap = Top 25 market cap KSE cos.
Mid Cap = Top 26-75 market cap KSE cos
Small Cap = All other remaining KSE cos.

Portfolio Analysis (Sector-wise)



As % of Net Assets



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FUNDS FACTS

Net Assets (Rs Million)	285.84
Fund Type	Open-End
Category	Income
Launch Date	2-Apr-09
Benchmark	25% avg.3 month PKRV 75% avg.1 Yr PKRV
Dealing Days	Mon-Fri
Dealing Time	9am-3:00pm
Pricing	Forward
Mgmt Fee	1.5% p.a.
Sales Load	Nil
Trustee	CDC
Auditor	Ford Rhodes
Fund Ranking	A(f) (JCR VIS)
AMC Ratings	AM4+ (JCR VIS)
Risk Profile	Low

PORTFOLIO STATISTICS

	CPF	Benchmark
Duration (days)	51.17	NA
TFC's Spread over 6 months KIBOR(%)	5.29	NA
Weighted maturity (years)	1.23	NA
No.of TFC holdings	3	NA

RETURNS

	CPF	Benchmark
Since Inception	12.14%	17.18%
FYTD	0.69%	1.16%
6 Months	2.12%	6.50%
1 Month	0.69%	1.16%

Manager's Comments

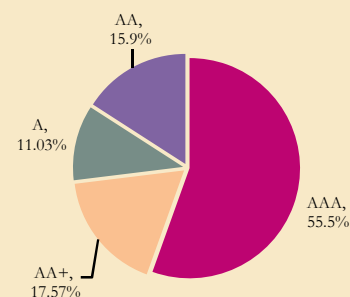
The State Bank of Pakistan (SBP) raised its key discount rate by 50 bps from 12.50% to 13.00% in the recently-announced Monetary Policy Statement.

10-year PIB rates during the month moved from 12.84% to 12.95%. Benchmark 6-month KIBOR moved from 12.37% to 12.42%. The yield curve remained relatively flat, with the yield differential between 3-month T-bill and 1-year T-bill being 0.35%.

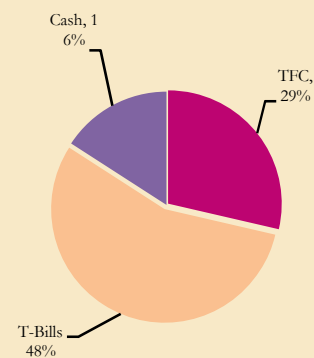
Investment Objective

The Fund's primary objective is to provide investors with a reasonable rate of current income along with the aim of preservation of capital.

Credit quality break-up



Asset Allocation



Portfolio Analysis (Sector-wise)

