



Fund Manager's Report

May 2013

Rated "AM3" by JCR-VIS

Facts you must know before choosing an Investment Partner

- Minimum Net Equity requirement for an AMC as of 31st March 2013. 150 million
- Minimum Net Equity requirement for IAS issuance as of 31st March 2013. 30 million

About PRIMUS Investments

- Net Equity of PRIMUS Investments as of 31st March 2013. 276.79 million

(Compliant with SECP's requirements)

From the CEO's desk

During the reporting period, market activity reached a state of heightened intensity brought on by the election results, with KSE-100 surging and breaking all time high's every other day. This indicates that investors are expecting a lot from this government, undoubtedly a lot will be required to achieve the target than what the new government had set in his manifesto. Issues that need to be addressed on urgent basis include:

- 1) Energy Crisis.
- 2) Economy.
- 3) Trade & Industry.
- 4) State Enterprises (Sick Units e.g. Pakistan steel mill, PIA, Railways, Wapda etc)
- 5) Agriculture & Food.
- 6) Law & Order.

Balancing the tight rope of anemic growth and the need for balance sheet repair will place an enormous amount of pressure on the govt. and their monetary tools. The fine balancing act between the monetary and fiscal policy will continue to challenge policy makers and the risk of policy error remains acute.

Domestic political pressure to reduce its fiscal stimulus and tackle its mounting debt burden will force the govt. to reduce spending and increase taxes. Since reduction in govt. spending is hard to believe therefore increased direct/indirect taxes will be imminent. The key challenge for the govt. will continue to be one for finding policies that improves the law & order situation and stimulates growth.

Over the short term, we see that the equity market will adjust upwards after June 2013 and no further rate cut is anticipated in the upcoming monetary policy.

Thank you for the trust you have placed in us. We value your confidence, and will continue to work diligently to meet your expectations.

Economic Snapshot

- State Bank of Pakistan is expected to announce its monetary Policy by the end of first week of June 2013 for subsequent two months. Subdued inflation coupled with declining money market yields is increasing the possibility of another rate cut of 50 bps. With an average inflation hovering around 7.5% well below the target of 9.5% for FY13 and pro industrial new democratic setup a rate cut might be on the cards to surge up private Investment. Moreover declining Money Market yields along with shift in bidding patterns of MTBs that is now inclining more towards 12 Month implies the likelihood of discount rate chopping.
- Current Account posted a deficit of USD 354 million during April 2013 compared to a higher deficit of USD 513 million in March 2013 consequentially taking 10MFY13 deficit to USD 1463 million. Financial Account posted a surplus of USD 102 million during April 2013 as compared to a deficit of USD 325 million in March 2013. Improvement in Financial account is attributed to an impressive rise of 2.4x YoY in FDI signifying restoration of foreign investor confidence as a result of peaceful democratic transition. Overall balance of payment for 10MFY13 stands at USD (1923) million.
- Inflation has continued to show declining trend, CPI during May 2013 clocked in at 5.1% as compared to 5.8% in the previous month. Housing and Transport sector that contributes around 37% of the total CPI basket serves as the primary contributors in inflation slowdown. Core inflation increased by 8.1% in May 2013 as compared to a rise of 8.7% in April 2013. Average inflation will likely to remain close to 7.5% (budgetary target: 9.5%).
- Foreign Exchange reserves currently stand at USD 11.62 billion. Foreign exchange reserves managed to get some support from Pakistan- China Trade Financing Facility despite hefty IMF repayment of USD 572 million in May 2013. Remittances for the month of April 2013 rose by 9% MoM taking 10MFY13 remittances to USD 11.57 billion up 6% YoY.

Money Market Review

- SBP conducted Two T-Bill auctions (15th, and 29th May) with targets aimed at a total of PKR 400 billion.
- The first auction had a target of PKR 200 billion and the realized amount was PKR 261.5 billion. Cut off yields stood at, 9.41%, 9.43% and 9.45% for 3-month, 6-month and 12-month T-Bills respectively in the auction.
- The second auction had a target of PKR 200 billion and the accepted amount was PKR 261.6 billion. Participation in this auction was focused more towards 12 month T-Bills with cut off yields stood at 9.3661%, 9.3840% and 9.3870% for 3-month, 6-month and 12 Month T-Bills respectively.
- SBP also conducted a PIB auction on 22nd May, 2013 with a target of PKR 25 billion. Accepted amount was PKR 34.67 billion.

Key Economic Indicators

		May-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
External Sector Indicators								
Overall Balance of Payments	USD million	(326)	357	(191)	(191)	(640)	(327)	n.a
Current Account Balance	USD million	(414)	665	(315)	(596)	(513)	(354)	n.a
Exports	USD million	(1,427)	(694)	(910)	(539)	(1,129)	2,185	n.a
Imports	USD million	3,328	3,046	3,398	3,041	3,380	3,429	n.a
Worker's Remittances	USD million	1,192	1,135	1,090	1,028	1,119	1,216	n.a
Foreign Direct Investment	USD million	90	254	(38)	(14)	118	232	n.a
Foreign Portfolio Investment	USD million	37	(17)	9	30	29	21	n.a
Forex Reserves	USD billion	15.58	13.86	13.64	13.19	12.25	11.81	11.62
Exchange Rate against PKR								
USD	Month Avg.	91.26	97.2	97.47	97.97	98.06	98.46	98.48
Inflation Indicators								
General CPI	YoY change	12.3%	7.9%	8.1%	7.4%	6.6%	5.8%	5.1%
Food CPI	YoY change	11.3%	7.7%	8.1%	7.4%	6.3%	5.5%	6.5%
Core (NFNE)	YoY change	11.1%	9.8%	9.9%	9.6%	9.0%	8.7%	8.1%
Core (Trimmed)	YoY change	11.7%	9.2%	9.9%	9.2%	8.4%	7.6%	6.7%
Monetary Growth								
Broad Money (M2)	YoY growth	14.6%	16.9%	17.3%	15.8%	14.9%	15.3%	15.2%
GoP's Borrowing from SBP	YoY growth	19.8%	12.9%	12.6%	24.2%	23.3%	22.2%	28.3%
Pvt. Sector Credit	YoY growth	7.3%	4.1%	3.2%	3.1%	4.6%	3.7%	2.5%
Interest Rates								
SBP Policy Rate	Current	12.0%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
6 Month KIBOR	Month Avg.	12.0%	9.45%	9.36%	9.43%	9.54%	9.58%	9.60%
12 Month KIBOR	Month Avg.	12.4%	9.80%	9.70%	9.78%	9.88%	9.91%	9.91%
3 Month T-Bill Yield	Month Avg.	11.8%	9.25%	9.10%	9.15%	9.31%	9.40%	9.44%
6 Month T-Bill Yield	Month Avg.	11.9%	9.28%	9.16%	9.29%	9.42%	9.43%	9.39%
12 Month T-Bill Yield	Month Avg.	12.0%	9.39%	9.26%	9.39%	9.53%	9.51%	9.41%
10 Year PIB Yield	Month Avg.	13.3%	11.50%	11.61%	11.97%	12.01%	11.93%	11.27%

n.a.=Not Available

Source: SBP, MoF, PBS

PRIMUS

Daily Reserve Fund

Fund Manager's Report - May 2013

Fund Manager's Review

During the month under review the fund posted a return of 9.43% against the bench mark of 8.01%. Your fund is well diversified by making investments in govt. securities, placements with DFI's and deposits in banks. The cash in hand and credit quality of portfolio places the fund in a comfortable position to look ahead for the monetary policy to be released this month.

Fund Objective

The objective of the fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments

Fund Details

Fund Type	Open End
Category	Money Market
Fund Stability Rating	AA+ by PACRA
Benchmark	50% 3 months PKRV + 3 months average deposit rate of AA & above rated Banks
Inception Date	1st January 2013
Dealing Days	Daily (days when Banks are open for business)
Cut-Off Time	4.00 pm
Pricing Mechanism	Forward
Management Fee	0.45%
Load	0% (Front-end) 0% (Back-end)
Risk Profile	Low Risk
Listing	Karachi Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd
Auditor	Deloitte Pakistan
Legal Advisor	Mohsin Tayebaly & Co.
Fund Manager	Ms. Umema A. Siddiqui

Investment Committee Members

Ahmed Ateeq	CEO
Rahaila Aleem	CFO & Company Secretary
Ali Kazmi	Chief Investment Officer
Umema A. Siddiqui	Fund Manager
Arfeen Zia	Head of Risk
Haider Hussain	Head of Research
Sahar Khalid	Head of Marketing & Corporate Advisory

Fund Statistics

Net Assets (PKR mn)	2,707
NAV per Unit (PKR)	100.1920
Weighted Average Maturity (days)	11
Sharpe Ratio *	2.1698
Information Ratio	0.2282
Standard Deviation *	0.341%

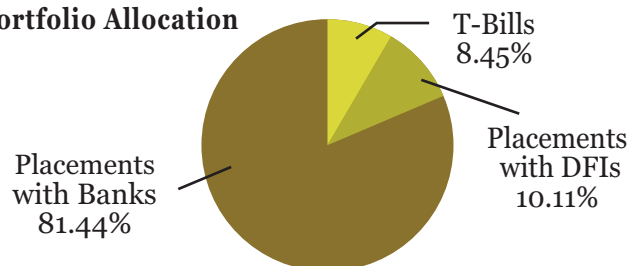
* Annualized

WWF Disclosure

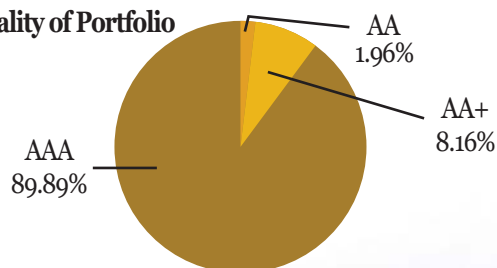
* Please note that WWF liability for PRIMUS Daily Reserve Fund till the close of financial year ended June 30, 2013 since inception will be borne by the management company*

"The Fund/Scheme has not made provisions amounting to Rs. 663,882 against Worker's Welfare Fund liability, if the same were made the NAV per unit/return of the Scheme would be lower by Rs. 0.0246 / 0.0597 % lowering the YTD return to 9.87 % p.a."

Portfolio Allocation



Credit Quality of Portfolio



Portfolio Allocation

	May '13	Apr '13
Placements with Banks	81.44%	91.02%
Placements with DFIs	10.11%	8.98%
T-Bills	8.45%	0.00%
Total	100%	100%

Credit Quality of Portfolio

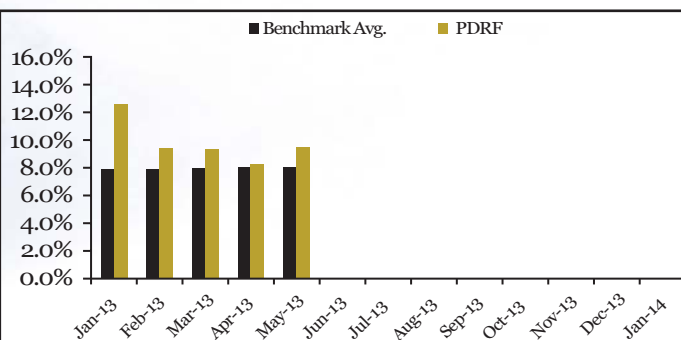
AAA	89.89%
AA+	8.16%
AA	1.96%
Total	100%

Fund Performance

	PDRF*	PDRF**	Benchmark***
Since Inception	9.93%	10.23%	7.93%
Apr-13	8.22%	8.53%	7.99%
May-13	9.43%	9.85%	8.01%

*Simple Annualized

**Morning Star



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

Fund Manager's Review

During the month under review the fund posted a return of 7.45% against the average bench mark of 9.44%. Your fund seeks maximum total return, consistent with preservation of capital and prudent Investment management, by investing under normal circumstances atleast 80% of its total assets in a diversified portfolio of fixed income instruments i.e. govt. securities of varying maturities. Your fund is well placed to the economic front and look forward to the monetary policy to be announced this month.

Fund Objective

The objective of the fund is to generate consistent returns with minimal risk by investing primarily in Government Securities, cash and near cash instruments

Fund Details

Fund Type	Open End
Category	Money Market
Fund Stability Rating	AAA(f) by PACRA
Benchmark	3 months PKRV
Inception Date	09th August 2012
Dealing Days	Daily (days when Banks are open for business)
Cut-Off Time	4.00 pm
Pricing Mechanism	Forward
Management Fee	1.25%
Load	0% (Front-end) 0% (Back-end)
Risk Profile	Low Risk
Listing	Karachi Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd
Auditor	Deloitte Pakistan
Legal Advisor	Mohsin Tayebaly & Co.
Fund Manager	Ms. Umema A. Siddiqui

Investment Committee Members

Ahmed Ateeq	CEO
Rahaila Aleem	CFO & Company Secretary
Ali Kazmi	Chief Investment Officer
Umema A. Siddiqui	Fund Manager
Arfeen Zia	Head of Risk
Haider Hussain	Head of Research
Sahar Khalid	Head of Marketing & Corporate Advisory

Fund Statistics

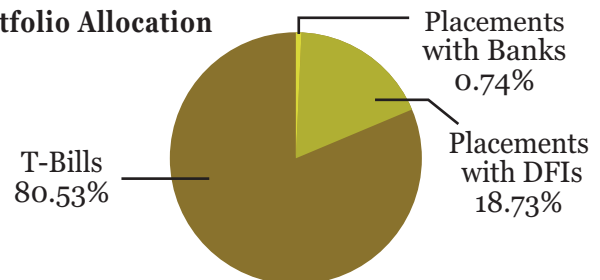
Net Assets (PKR mn)	3,089
NAV per Unit (PKR)	101.0837
Weighted Average Maturity (days)	67
Sharpe Ratio *	-3.1662
Information Ratio	-0.2137
Standard Deviation *	0.221%

* Annualized

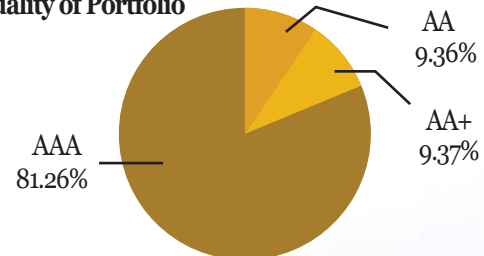
WWF Disclosure

"The Scheme has maintained provision against Worker's Welfare Fund's Liability to the tune of Rs. 4,181,343, if the same were not made the NAV per unit/year to date (YTD) return of the Scheme would be higher by Rs. 0.1368 / 0.1675 % enhancing the YTD return to 8.89 % p.a"

Portfolio Allocation



Credit Quality of Portfolio



Portfolio Allocation

	May'13	Apr '13
Placements with Banks	0.74%	36.03%
Placements with DFIs	18.73%	9.54%
T-Bills	80.53%	54.42%
Total	100%	100%

Credit Quality of Portfolio

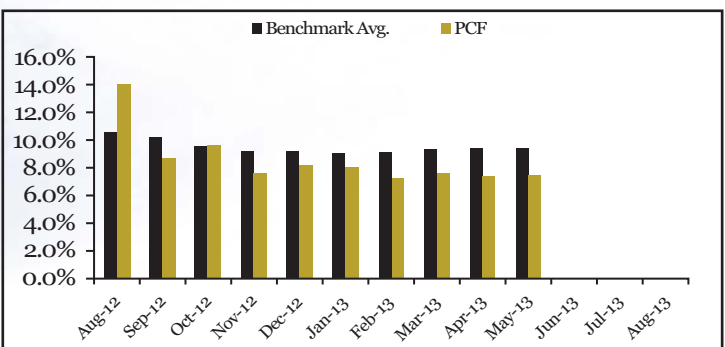
AAA	81.26%
AA+	9.37%
AA	9.36%
Total	100%

Fund Performance

	PCF*	PCF**	Benchmark***
Since Inception	8.72%	8.79%	9.48%
Apr-13	7.41%	7.67%	9.40%
May-13	7.45%	7.71%	9.44%

*Simple Annualized
**Morning Star

***Average of reporting period
n.a.=not applicable



Contact Us

Sahar Khalid

Head, Marketing & Corporate Advisory
sahar@primusinvestments.com

Imran Hasan Khan

Manager, Marketing & Sales
imran@primusinvestments.com

Office: 4th Floor. Horizon Vista. Commercial 10. Block 4. Scheme 5. Clifton. Karachi. Pakistan.

Board: .92.21.3529.0006-09 **Fax:** .92.21.3529.0004 **Web:** www.primusinvestments.com

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.