Trying to balance your surplus funds between returns, liquidity and reliability? We can make it a lot easier for you!

PRIMUS
Investment Management Limited
Daily Reserve Fund

An ideal fund for investors with a short term investment horizon. The fund provides a high level of liquidity along with optimal returns. It invests in high quality money market instruments with the aim of achieving a balance between returns, liquidity and reliability.

Optimal Returns
High Liquidity
Reliability

Fund Manager’s Report
July 2013
Fund Manager’s Report - July 2013

• Current Account posted a deficit of USD 163 million during June 2013 as compared to 5.85%YoY recorded last month. H&U (Housing and utility) sector is the chief contributor in triggering CPI index as it mounted to 6.5% in July-13 against 0.8% last month thus registering its 13 Months High. Moreover, GST hike and higher food prices also contributed in inflation. Going forward, we expect further uptick in inflation on the back of recent hike in petroleum product prices and expected upward adjustment in power tariff. On MoM basis inflation settled in at 2.2% against 0.72% last month. Core NFNE increased by 8.2% in July 2013 as compared to 5.85%YoY recorded last month.

• IMF board will wait till September to ascertain the implementation of pre-conditions.

• The second auction had a target of PKR 300 billion and the accepted amount was PKR 240.33 600 billion. We do not expect a sharper depreciation for now.

From the CEO’s desk

For much of the past years, traditional investment approaches produced results that allowed most investors to meet their goals. But times have changed; stock and bond returns are likely to be riskier and lower than what investors have enjoyed historically. Fortunately, options exist for investors to break the tradition, rethink certain aspects of conventional wisdom and implement new alternative approaches that complement strategies that have worked well in the past.

It’s time to think alternatively!

At PRIMUS, we have always placed a high priority on challenging conventional wisdom, in our investment philosophy and process, and our approach to developing solutions that address client needs. Looking forward, we believe most investors will need to consider alternative approaches to achieve their investment objectives.

To truly reap the power of diversification, we are pleased to announce the launch of PRIMUS Strategic Multi Asset Fund, which in its nature is the first truly balanced tool kit is in place for the PRIMUS investors to help increase their return.

PRIMUS Strategic Multi Asset Fund is designed to provide powerful diversification benefits based on the potential for returns. We incorporate alternative approaches in the management of multi asset portfolio of our investors.

We will do our best to reflect all this in positioning the savings and investments you have entrusted us to manage. We will be emphasizing the importance of economic growth and work very hard to identify opportunities that remain attractive. We will seek to navigate this environment for you by maintaining a higher degree of operational agility and a solid dose of resilience.

Thank you for the trust you have placed in us. We value your confidence, and will continue to work diligently to meet your expectations. If you have any query regarding any of your PRIMUS funds investments please contact your account manager at 0092-213-529-0006. We also invite you to visit our website www.primus-investments.com to learn more about our fund, views and thought leadership.

Economic Snapshot

- Headline inflation clocked in at 8.26% YoY in July 2013 (10 Months High since Sept-12) as compared to 5.85%YoY recorded last month. H&U (Housing and utility) sector is the chief contributor in triggering CPI index as it mounted to 6.5% in July-13 against 0.8% last month thus registering its 13 Months High. Moreover, GST hike and higher food prices also contributed in inflation. Going forward, we expect further uptick in inflation on the back of recent hike in petroleum product prices and expected upward adjustment in power tariff. On MoM basis inflation settled in at 2.2% against 0.72% last month. Core NFNE increased by 8.2% in July 2013 as compared to 5.85%YoY recorded last month.

- IMF board will wait till September to ascertain the implementation of pre-conditions.

- The second auction had a target of PKR 300 billion and the accepted amount was PKR 240.33 600 billion. We do not expect a sharper depreciation for now.

Money Market Review

- SBP conducted two T-Bill auctions (10th and 24th July) with targets aimed at a total of PKR 600 billion.

- The first auction had a target of PKR 300 billion and the realized amount was PKR 240.33 600 billion. Cut off yields stood at, 8.9747%, 8.9729% and 9.1897% for 3-month, 6-month and 12-month T-Bills respectively in the auction.

- The second auction had a target of PKR 300 billion and the accepted amount was PKR 275.52 6 billion. Cut off yields stood at 8.9583%, 8.9892% and 8.9808% for 3-month, 6-month and 12 Month T-Bills respectively.

- SBP also conducted a PIB auction on 17th July, 2013 with a target of PKR 50 billion. Accepted amount was PKR 18.6 6 billion.

Key Economic Indicators

<table>
<thead>
<tr>
<th>External Sector Indicators</th>
<th>Jun-12</th>
<th>Feb-13</th>
<th>Mar-13</th>
<th>Apr-13</th>
<th>May-13</th>
<th>Jun-13</th>
<th>July-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Balance of Payments</td>
<td>USD million</td>
<td>(646)</td>
<td>(191)</td>
<td>(640)</td>
<td>(327)</td>
<td>(150)</td>
<td>(129)</td>
</tr>
<tr>
<td>Exports</td>
<td>USD million</td>
<td>2,018</td>
<td>1,920</td>
<td>2,190</td>
<td>2,186</td>
<td>2,263</td>
<td>2,263</td>
</tr>
<tr>
<td>Worker’s Remittances</td>
<td>USD million</td>
<td>1,205</td>
<td>1,028</td>
<td>1,119</td>
<td>1,216</td>
<td>1,186</td>
<td>1,165</td>
</tr>
<tr>
<td>Foreign Direct Investment</td>
<td>USD million</td>
<td>53</td>
<td>(74)</td>
<td>118</td>
<td>232</td>
<td>465</td>
<td>129</td>
</tr>
<tr>
<td>Foreign Portfolio Investment</td>
<td>USD million</td>
<td>29</td>
<td>(30)</td>
<td>20</td>
<td>21</td>
<td>(122)</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exchange Rate against PKR</th>
<th>YTD</th>
<th>Month Avg.</th>
<th>94.378</th>
<th>97.969</th>
<th>98.061</th>
<th>98.312</th>
<th>98.374</th>
<th>98.727</th>
<th>100.661</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Indicators</td>
<td></td>
<td>YTD</td>
<td>Month Avg.</td>
<td>94.378</td>
<td>97.969</td>
<td>98.061</td>
<td>98.312</td>
<td>98.374</td>
<td>98.727</td>
</tr>
<tr>
<td>General CPI</td>
<td>YoY change</td>
<td>9.6%</td>
<td>7.4%</td>
<td>6.6%</td>
<td>5.8%</td>
<td>5.1%</td>
<td>5.9%</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>Food CPI</td>
<td>YoY change</td>
<td>9.1%</td>
<td>7.4%</td>
<td>6.3%</td>
<td>5.5%</td>
<td>6.5%</td>
<td>7.9%</td>
<td>9.2%</td>
<td></td>
</tr>
<tr>
<td>Core (NFNE)</td>
<td>YoY change</td>
<td>11.3%</td>
<td>9.6%</td>
<td>9.0%</td>
<td>8.7%</td>
<td>8.1%</td>
<td>7.8%</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td>Core (Trimmed)</td>
<td>YoY change</td>
<td>10.6%</td>
<td>9.2%</td>
<td>8.4%</td>
<td>7.6%</td>
<td>6.7%</td>
<td>6.8%</td>
<td>7.8%</td>
<td></td>
</tr>
</tbody>
</table>

| Monetary Growth | | YTD | Month Avg. | 94.378 | 97.969 | 98.061 | 98.312 | 98.374 | 98.727 | 100.661 |
|-----------------------------|-----|------------|--------|--------|--------|--------|--------|--------|--------|
| Broad Money (M2) | YoY growth | 13.7% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| GO’s Borrowing from SBP | YoY growth | 15.4% | 24.2% | 18.6% | 20.3% | 22.6% | 29.4% | 40.1% |
| PSL Sector Credit | YoY growth | 8.4% | 3.1% | 4.6% | 3.7% | 2.8% | -0.6% | -0.5% |

| Interest Rates | | YTD | Month Avg. | 94.378 | 97.969 | 98.061 | 98.312 | 98.374 | 98.727 | 100.661 |
|-----------------------------|-----|------------|--------|--------|--------|--------|--------|--------|--------|
| SBP Policy Rate | Current | 12.00% | 9.50% | 9.50% | 9.50% | 9.50% | 9.50% | 9.00% | n.a. |
| 6 Month KIBOR | Month Avg. | 12.01% | 9.42% | 9.54% | 9.58% | 9.60% | 9.60% | 9.39% | n.a. |
| 12 Month KIBOR | Month Avg. | 12.36% | 9.78% | 9.88% | 9.91% | 9.91% | 9.91% | 9.68% | 9.24% |
| 3 Month T-Bill Yield | Month Avg. | 11.83% | 9.15% | 9.31% | 9.40% | 9.44% | 9.30% | 8.68% | n.a. |
| 6 Month T-Bill Yield | Month Avg. | 11.90% | 9.39% | 9.53% | 9.51% | 9.41% | 9.16% | 9.05% | n.a. |
| 10 Year PIB Yield | Month Avg. | 13.22% | 11.97% | 12.01% | 11.93% | 11.27% | 10.85% | 11.55% | n.a. |

n.a./Not Available
Source: SBP, MoF, PBS

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**

The Primus daily reserve fund continued to provide attractive monthly distributions, complemented by strong overall total returns during July. The fund returned, over the month, 8.32% and outperformed the benchmark mark of 7.53%. Positive risk-asset performance was the dominant theme throughout July. Our return seeking position includes investments in govt. securities, placements with DFIs and deposits in banks, all of which are expected to deliver relatively attractive real returns over time. We plan to maintain sufficient liquidity to earn better returns as well as to opportunistically deploy at attractive entry points.

**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
- **Sonam Peswani** - Head of Marketing, SMAs & Investor Services

**Fund Statistics**

- **Net Asset (PKR mn)**: 4,477.640
- **NAV per Unit (PKR)**: 100.1103
- **Weighted Average Maturity (days)**: 5
- **Sharpe Ratio***: -0.7009
- **Information Ratio**: 0.2297
- **Standard Deviation***: 0.289%

* 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 scheme has maintained provision against Worker’s Welfare Fund’s liability to the tune of Rs. 613,098, if the same were not made the NAV per unit/year to date (YTD) return of the scheme would be higher by Rs. 0.0137/0.1623% enhancing the YTD return to 8.48% p.a*

**Portfolio Allocation**

- **Placements with DFIs**: 6.93%
- **Placements with Banks**: 87.29%
- **T-Bills**: 5.78%

**Credit Quality of Portfolio**

- **AAA**: 93.07%
- **AA+**: 5.59%
- **AA**: 1.34%

**Portfolio Allocation**

- **July ‘13**:
  - Placements with Banks: 87.29%
  - Placements with DFIs: 6.93%
  - T-Bills: 5.78%
- **Jun ‘13**:
  - Placements with Banks: 76.45%
  - Placements with DFIs: 15.62%
  - T-Bills: 7.93%

**Credit Quality of Portfolio**

- **AAA**: 93.07%
- **AA+**: 5.59%
- **AA**: 1.34%

**Fund Performance**

<table>
<thead>
<tr>
<th>Period</th>
<th>PDRF*</th>
<th>PDRF**</th>
<th>Benchmark***</th>
</tr>
</thead>
<tbody>
<tr>
<td>June-13</td>
<td>9.70%</td>
<td>9.90%</td>
<td>7.87%</td>
</tr>
<tr>
<td>July-13</td>
<td>9.18%</td>
<td>9.58%</td>
<td>7.94%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8.32%</td>
<td>8.65%</td>
<td>7.53%</td>
</tr>
</tbody>
</table>

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Fund Manager’s Review
Over the reporting period the fund posted a decent return of 7.40% against the average benchmark of 8.48%. Your fund seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 70% of its total assets in a diversified portfolio of fixed income instruments i.e. govt. securities of varying maturities. We tend to retain our positioning and our focus on yield derived from high quality sources and active management.

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: AAAf by PACRA
- Benchmark: 3 months PKRV
- Inception Date: 9th 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 Tayebali & 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
- Sonam Peswani: Head of Marketing, SMAs & Investor Services

Fund Statistics
- Net Asset (PKR mn): 3,007.834
- NAV per Unit (PKR): 100.1536
- Weighted Average Maturity (days): 21
- Sharpe Ratio: -5.8017
- Information Ratio: -0.2404
- Standard Deviation: 0.205%

WWF Disclosure
The scheme has maintained provision against Worker’s Welfare Fund’s liability to the tune of Rs. 4,964,796, if the same were not made the NAV per unit/year to date (YTD) return of the scheme would be higher by Rs. 0.1653/ 1.96% enhancing the YTD return to 9.36% p.a.

Portfolio Allocation
- T-Bills: 72.97%
- Placements with Banks: 7.26%
- Placements with DFIs: 19.77%

Credit Quality of Portfolio
- AAA: 80.23%
- AA+: 9.89%
- AA: 9.88%

Portfolio Allocation
- Placements with Banks: July ’13 7.26%  Jun ’13 0.42%
- Placements with DFIs: July ’13 19.77%  Jun ’13 29.24%
- T-Bills: July ’13 72.97%  Jun ’13 70.34%

Credit Quality of Portfolio
- AAA: 80.23%
- AA+: 9.89%
- AA: 9.88%

Fund Performance
- Since Inception: 8.66%  PCF*  8.47%  Benchmark***
- June ’13: 8.16%  PCF**  9.30%
- July ’13: 7.40%  Benchmark***  8.48%

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