

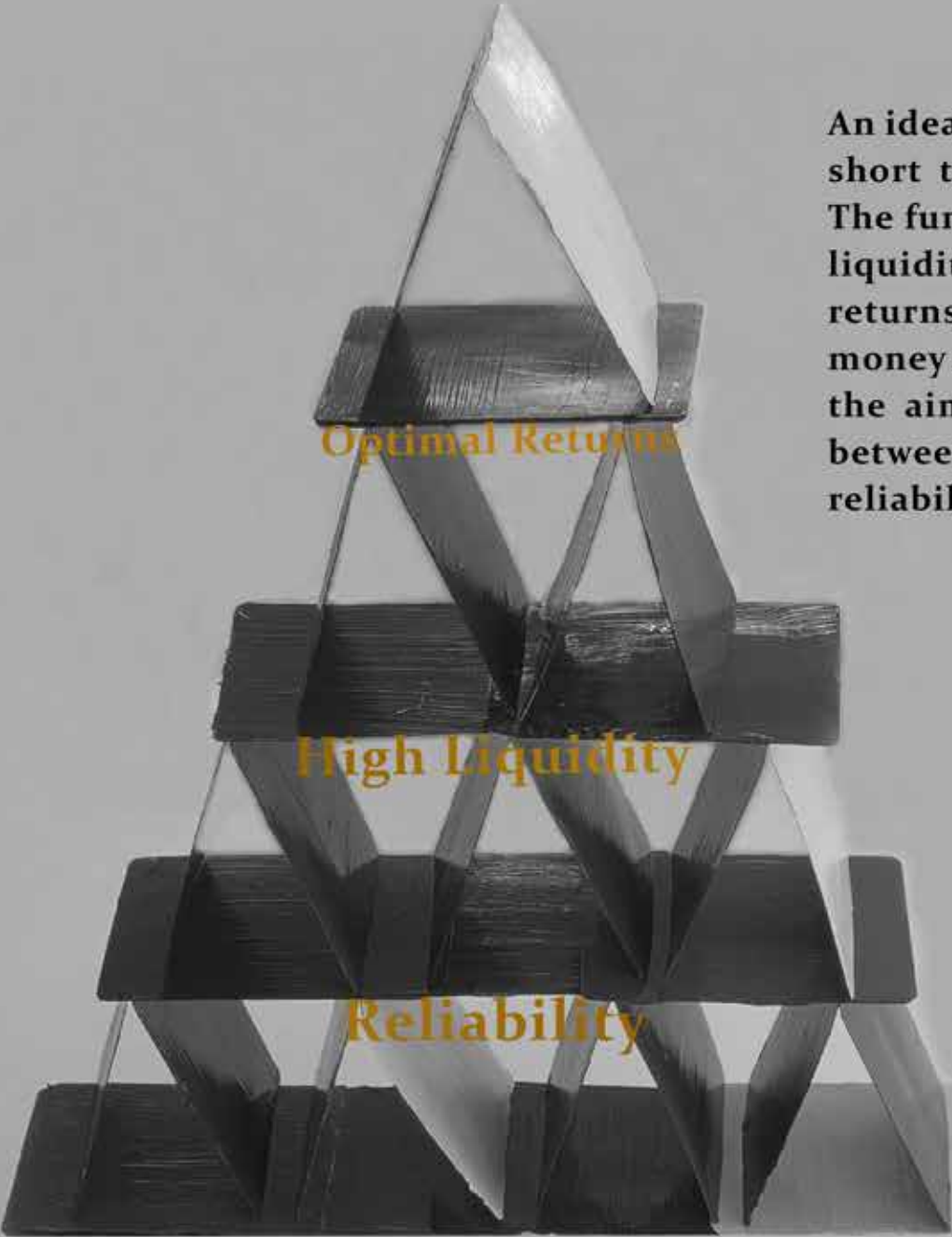
*Trying to balance your surplus funds between returns, liquidity and reliability?
We can make it a lot easier for you!*



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**

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

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 fund as it covers the asset classes which no other fund in Pakistan has offered.

Now, at a single source, investors can benefit from the opportunities in Govt. securities, TDR, COI/LOP, bank deposit, equity and Gold! Now a reasonably complete tool kit is in place for the PRIMUS investors to help increase their return.

The 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 increasing 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 7.8% last month.
- Current Account posted a deficit of USD 163 million during June 2013 compared to a deficit of USD 530 million in May 2013 consequentially taking FY13 deficit to USD 2209 million which is 0.9% of GDP as compared to 2% last year. Services managed to outperform as Services account deficit contracted by an impressive 64%YoY. Overall FY13 balance of payment stands at a deficit of USD 2,394 million against a deficit of USD 3,275mn last year. Remittances continue to play key role in supporting Current Account as they registered an impressive 6% growth in FY13 to reach USD13.92bn.
- Foreign Exchange reserves have declined to USD 10.20 billion (down 30%YoY) as a result of payments to IMF. Currently, SBP's Forex reserves are hardly sufficient for import cover of less than two months. Although Pakistan has entered into USD 5.3 billion long-term loan facility with IMF, IMF board will wait till September to ascertain the implementation of pre-conditions.
- PKR erosion has gain momentum in the first month of FY14. PKR has hit an all time high of PKR

100.661 per USD during July 2013, showing YTD depreciation of 3.6%. Nevertheless, as the gap between nominal exchange rate and Real Effective Exchange Rate has significantly narrowed, 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 billion. Cut off yields stood at, 8.9747%, 8.9729% and 8.9817% 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 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 billion.

Key Economic Indicators

		Jun-12	Feb-13	Mar-13	Apr-13	May-13	Jun-13	July-13
External Sector Indicators								
Overall Balance of Payments	USD million	(646)	(191)	(640)	(327)	(150)	(129)	n.a
Current Account Balance	USD million	(297)	(596)	(513)	(354)	(530)	(163)	n.a
Exports	USD million	2,018	1,920	2,190	2,186	2,263	2,009	n.a
Imports	USD million	3,340	3,364	3,380	3,429	3,361	3,174	n.a
Worker's Remittances	USD million	1,205	1,028	1,119	1,216	1,186	1,165	n.a
Foreign Direct Investment	USD million	53	(14)	118	232	465	129	n.a
Foreign Portfolio Investment	USD million	29	30	29	21	(122)	22	n.a
Forex Reserves	USD billion	14.61	13.19		11.81	11.47	11.02	10.20
Exchange Rate against PKR								
USD	Month Avg.	94.378	97.969	98.061	98.312	98.374	98.727	100.661
Inflation Indicators								
General CPI	YoY change	9.6%	7.4%	6.6%	5.8%	5.1%	5.9%	8.3%
Food CPI	YoY change	9.1%	7.4%	6.3%	5.5%	6.5%	7.9%	9.2%
Core (NFNE)	YoY change	11.3%	9.6%	9.0%	8.7%	8.1%	7.8%	8.2%
Core (Trimmed)	YoY change	10.6%	9.2%	8.4%	7.6%	6.7%	6.8%	7.8%
Monetary Growth								
Broad Money (M2)	YoY growth	13.7%	15.8%	15.0%	14.1%	15.7%	17.1%	16.5%
GoP's Borrowing from SBP	YoY growth	15.4%	24.2%	18.6%	20.3%	22.6%	29.4%	40.6%
Pvt. Sector Credit	YoY growth	9.4%	3.1%	4.6%	3.7%	2.0%	-0.6%	-0.9%
Interest Rates								
SBP Policy Rate	Current	12.00%	9.50%	9.50%	9.50%	9.50%	9.00%	9.00%
6 Month KIBOR	Month Avg.	12.01%	9.43%	9.54%	9.58%	9.60%	9.39%	9.08%
12 Month KIBOR	Month Avg.	12.36%	9.78%	9.88%	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%	8.88%
6 Month T-Bill Yield	Month Avg.	11.87%	9.29%	9.42%	9.43%	9.39%	9.16%	8.93%
12 Month T-Bill Yield	Month Avg.	11.90%	9.39%	9.53%	9.51%	9.41%	9.16%	9.05%
10 Year PIB Yield	Month Avg.	13.22%	11.97%	12.01%	11.93%	11.27%	10.85%	11.55%

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 bench 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 DFI's 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%

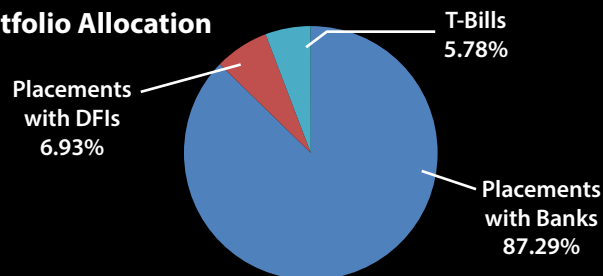
* Annualized

WWF Disclosure

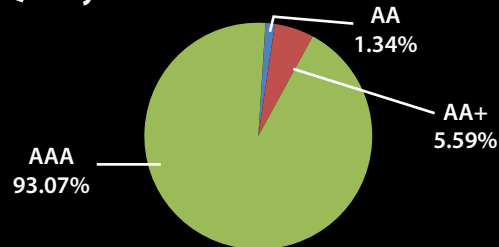
* Please note that WWF liability for PRIMUS Daily Reserve Fund till the close of financial year ended June 30, 2013 since inception will be borne by the management company *

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



Credit Quality of Portfolio



Portfolio Allocation

	July '13	Jun '13
Placements with Banks	87.29%	76.45%
Placements with DFIs	6.93%	15.62%
T-Bills	5.78%	7.93%
Total	100%	100%

Credit Quality of Portfolio

AAA	93.07%
AA+	5.59%
AA	1.34%
Total	100%

Fund Performance

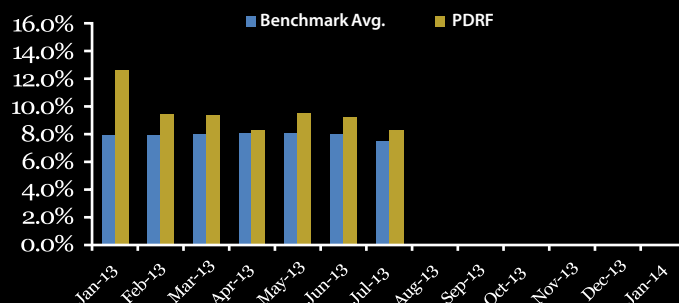
	PDRF*	PDRF**	Benchmark***
Since Inception	9.70%	9.90%	7.87%
June-13	9.18%	9.58%	7.94%
July-13	8.32%	8.65%	7.53%

*Simple Annualized

***Average of reporting period

**Morning Star

n.a = not applicable



Fund Manager's Review

Over the reporting period the fund posted a decent return of 7.40% against the average bench mark of 8.48%. Your fund seeks maximum total return, consistent with preservation of capital and prudent Investment management, by investing under normal circumstances atleast 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	AAA(f) 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 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

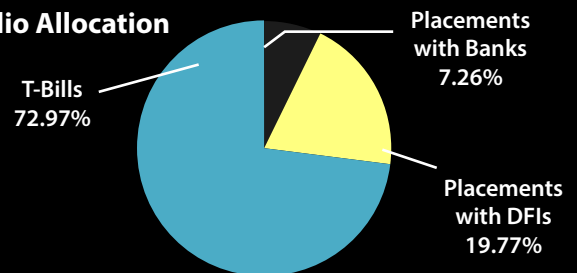
Net Asset (PKR mn)	3,007.834
NAV per Unit (PKR)	100.1536
Weighted Average Maturity (days)	21
Sharpe Ratio *	-5.8017
Information Ratio	-0.2404
Standard Deviation *	0.205%

* Annualized

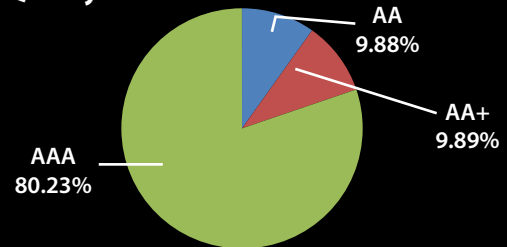
WWF Disclosure

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



Credit Quality of Portfolio



Portfolio Allocation

	July '13	Jun '13
Placements with Banks	7.26%	0.42%
Placements with DFIs	19.77%	29.24%
T-Bills	72.97%	70.34%
Total	100%	100%

Credit Quality of Portfolio

AAA	80.23%
AA+	9.89%
AA	9.88%
Total	100%

Fund Performance

	PCF*	PCF**	Benchmark***
Since Inception	8.66%	8.67%	9.37%
June-13	8.16%	8.47%	9.30%
July-13	7.40%	7.66%	8.48%

*Simple Annualized

***Average of reporting period

**Morning Star

n.a = not applicable

