



MKT/FMR/036/08

September 04, 2008

**Dear Investor,**

We are pleased to inform you that the Board of Directors of Al Meezan Investments has announced 10% Cash Dividend (i.e., **Re. 1 per share**) for its closed fund scheme - **Meezan Balanced Fund (MBF)** for the year ended June 30, 2008.

We would like to highlight that for the year ended June 30, 2008, Al Meezan Investments has announced a total dividend of Rs. **1.8 billion** in the form of cash and bonus dividends for its family of funds. The details of dividend distribution for each fund is: Rs. 1,004 million in Meezan Islamic Fund (MIF), Rs. 558 million in Meezan Islamic Income Fund (MIIF), Rs. 137.5 million in Al Meezan Mutual Fund (AMMF) and Rs. 120 million in Meezan Balanced Fund (MBF).

We are pleased to inform you about Pakistan's first co-branded Islamic Index of companies listed on the Karachi Stock Exchange - **KSE Meezan Index (KMI)**, which has been launched effective 1<sup>st</sup> Ramadan. KSE Meezan Index has been jointly launched by Al Meezan Investments with Karachi Stock Exchange. All matters related to Shariah guidelines, analysis and screening will be done by Al Meezan Investments while KSE will be responsible for maintenance and dissemination of index. The launch of this index will provide a useful benchmark to investors to evaluate the performance of investment vehicles and mutual funds being run according to Shariah principles and guidelines.

In our continuous endeavor to provide our valued investors with best possible Shariah compliant services, we are opening Faisalabad Office of Al Meezan Investments at Kotwali Road Faisalabad. The operation of the branch will start shortly.

A detailed Fund Manager's Report for the month of August 2008 is enclosed for your review and record. The fund sizes of MIF and MIIF as on 31<sup>st</sup> August 2008 stood at:

<b>Meezan Islamic Fund (MIF)</b>	<b>Rs. 4,545 million</b>
<b>Meezan Islamic Income Fund (MIIF)</b>	<b>Rs. 5,408 million</b>

We are thankful for your valuable support and continued patronage. We will continuously strive to give the best Shariah Compliant investment management services to all our investors.

Yours truly,

**Muhammad Anas Rehan**  
AVP Marketing

## AL Meezan Investment Management Limited

August, 2008

Al Meezan Investments (AMIM), the company in operation since 1995, has one of the longest track records of managing mutual funds in the private sector in Pakistan. With the launch of Meezan Capital Protected Fund – I in the month of May, AMIM now manages six mutual funds; namely Al Meezan Mutual Fund, Meezan Balanced Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund and Meezan Capital Protected Fund - I.

The total funds under management of Al Meezan Investments, the only full fledged Shariah compliant asset management company in Pakistan, have reached PKR 15.2bn as on August 31, 2008. With AM2 Management Quality rating and 5-star ranking for all eligible funds (maintained for the past three years), the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

We are pleased to announce that KSE and Al-Meezan Investments will be launching the first Co-branded Islamic Index "KSE-Meezan Index (KMI)" on the first of Ramadan. The index will comprise of thirty companies which qualify KMI Shariah screening criteria with a 12% cap on weights of individual securities.

### STOCK MARKET REVIEW

During August, KSE-100 Index declined by 1375 points (12.99%) to close at 9,208. The average daily volumes increased to 103mn shares from 83mn for the month of July.

The month started with a special trading session held by KSE to bail out the weak holders. This session was followed by a bullish rally in the market for a few days but the uncertainty on the political front arrested this rally. Following the resignation of the former President Musharraf on August 18, the market sentiments only temporarily improved. The foreign selling continued which further weakened the market and the month witnessed a net outflow of foreign portfolio investment of US \$51mn.

To arrest the continuous decline in the index, the management of KSE decided to freeze the floor for the index and scrip prices at the closing levels of August 27<sup>th</sup>, 2008. As the result, the market managed to close just above 9,200 points.

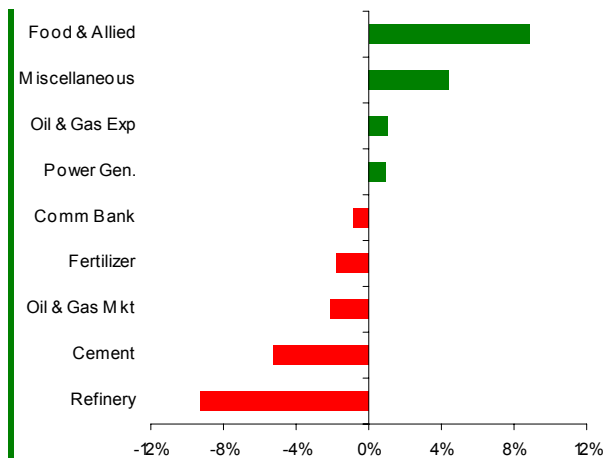
### MONEY MARKET REVIEW

Despite 100bps increase in policy rate by the central bank on July 29<sup>th</sup>, interbank rates (6-month KIBOR) remained stable at around 13.50% during the first half of August. However, due to continuous mopping up of liquidity by the central bank, the benchmark rate inched up, closing the month at 13.76%, up 28bps from its previous month's close of 13.48%.

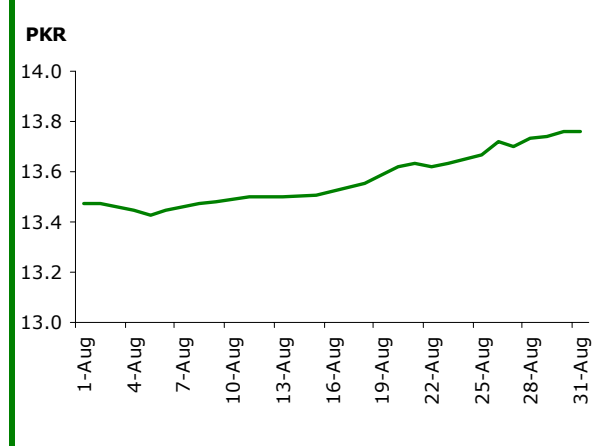
Maintaining a hawkish stance, SBP conducted two T-bill auctions, mopping up a cumulative of PKR 71bn. During the month, cut-off rate (on 3-month paper), increased by 37bps and closed at 12.56% in the last auction on August 27<sup>th</sup>. SBP also conducted its first PIB auction for FY09; however, it managed to raise only PKR 3.2bn against a pre-auction target of PKR 20bn.

Amid declining foreign exchange reserves and a weak economic-political situation, rupee remained under pressure. In the interbank market, Pak-rupee lost 6.6% against the greenback, closing the month at PKR 76.50 to a dollar.

### Monthly Sector Out/Under Performance



### 6 Month KIBOR



#### Disclaimer

This report has been prepared by Al Meezan Investment Management Limited for information purposes only. Reasonable care has been taken in the preparation of the report. However, Al Meezan Investment Management Limited nor any of its employees or affiliated entities takes any responsibility for any loss that may be incurred by any user of this report.

# MEEZAN ISLAMIC FUND (MIF)



## Fund Statistics:

Fund Type:	Equity
Launch Date	8th August 2003
Trustee	Central Depository Company
Auditors	A.F. Ferguson
Management Fee	2%
Front End Load	2%
Benchmark	DJIMPK
Listing	KSE
Fund Rating	5 Star

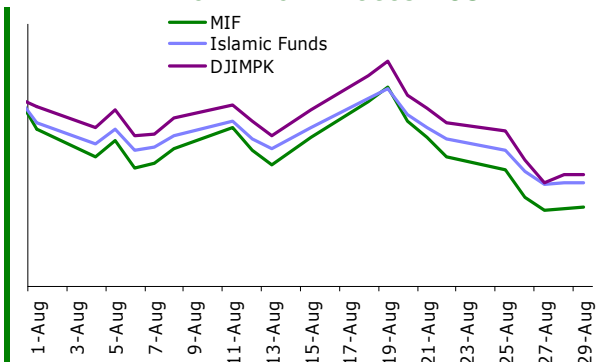
## Risk Measures

Beta	1.02
Correlation	0.98
Standard Deviation	2.71%
Semi Variance	0.06%
Information Ratio	-0.261
Sharp Ratio	-0.27

## Fund Assets:

	Jul '08	Aug '08	MoM %
Net Assets (mn)	5,345	4,545	-14.96%
NAV Per Unit	42.96	36.72	-14.53%
KSE-100 Index	10,584	9,208	-12.99%
DJIMPK	14,654	13,182	-10.04%

## RELATIVE PERFORMANCE – AUGUST '08



## Performance

Month on Month	Jul '08	Aug '08
Return on MIF	-14.17%	-14.53%
Return on KSE-100 index	-13.88%	-12.99%
Return on DJIMPK	-19.03%	-10.04%

## Year – to – date (FY)

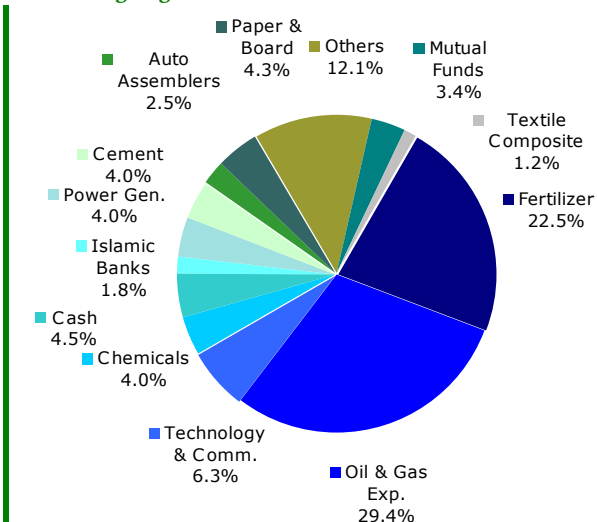
Return on MIF	-14.17%	-26.63%
Return on KSE-100 index	-13.88%	-25.07%
Return on DJIMPK	-19.03%	-27.16%

## Cumulative return since inception

Return on MIF	149%	113%
Return on KSE-100 index *	152%	119%

\*since DJIMPK was launched in July 2004, MIF is compared to KSE-100 index.

## Sector Weightage as a % of Net Assets



## Top Ten Holdings

Engro Chemical	Packages
Fauji Fertilizer Bin Qasim.	Pakistan Oilfields
Fauji Fertilizer Co.	Pakistan Petroleum Ltd.
Hub Power Co. Ltd.	Pakistan State Oil
Oil & Gas Development Co.	Pakistan Telecom

## FUND REVIEW

Net assets of the fund declined by 14.96% on a MoM basis to PKR 4.54bn. The month's closing NAV was PKR 36.72 per unit, posting a decline of 14.53%. During the month, KSE-100 index and DJIMPK decreased by 12.99% and 10.04% respectively. As at August 31 2008, the fund was 96% invested in equities.

Going forward, we expect market stability after presidential elections and the initiation of the Saudi oil facility. We would advise investors to take exposure through mutual funds instead of taking direct exposure in equity market.

# MEEZAN ISLAMIC INCOME FUND (MIIF)



*Pakistan's First Shariah-compliant Open-End Income Fund*

## Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jan-07
Trustee	Central Depository Company
Unit Types	A, B & C
Auditors	A.F. Ferguson
Portfolio Duration	2.08 Months
Fund Rating	A(f)

## Fund Assets:

	Jul '08	Aug '08	MoM %
Net assets (PKRmn)	5,638	5,408	-4.08%
NAV per unit (PKR)*	50.44	50.85	0.82%

\* ex-dividend price

## Performance

Month on Month	Jul '08	Aug '08
Return on MIIF	0.84%	0.82%
Return on MIIF (annualized)	10.35%	10.39%

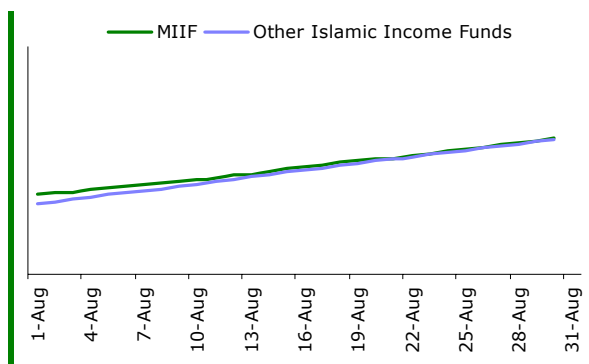
## Year - to - date (FY)

Return on MIIF	0.84%	1.66%
Return on MIIF (annualized)	10.35%	10.37%

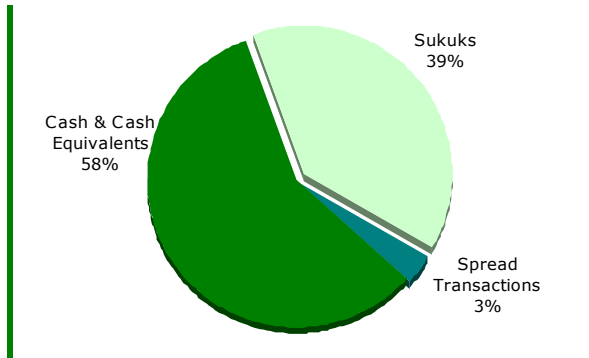
## Cumulative return since inception (annualized)

Return on MIIF	9.55%	9.59%
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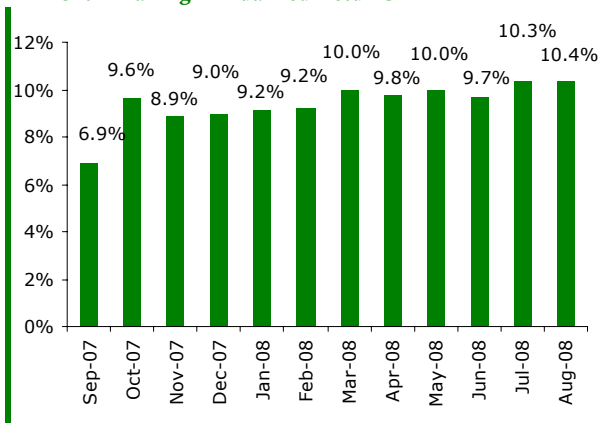
## MIIF PERFORMANCE – AUGUST '08



## MIIF Assets Distribution



## 12 Month Trailing Annualized Returns



## FUND REVIEW

MIIF is aimed at providing our valued customers with a consistent stream of income that not only complies with the rules of Shariah, but also focuses at long term preservation of capital. The fund comprises of Shariah compliant spread transactions, Sukuk & other Islamic fixed income instruments

During the month the fund provided an annualized return of 10.39% to its unit holders, with net assets of the fund valuing at PKR 5.41 billion. Since inception, the fund has provided an annualized return of 9.6%. With a rising interest rate environment, we expect the return on MIIF to improve going forward.

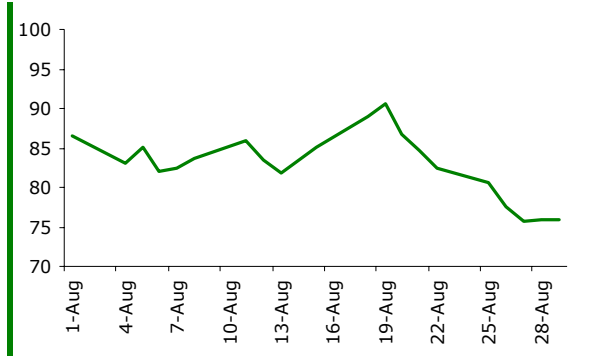
# MEEZAN TAHAFFUZ PENSION FUND (MTPF)

Pakistan's First Shariah-compliant Open-End Pension Fund

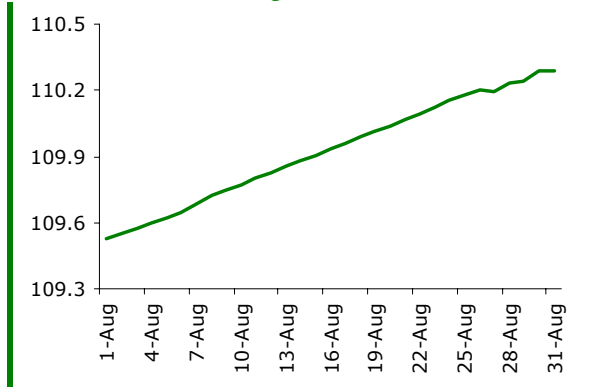
## Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	28-Jun-07
Trustee	Central Depository Company
Unit Types	A
Auditors	A.F. Ferguson
AMC Rating	AM2 (High Quality)

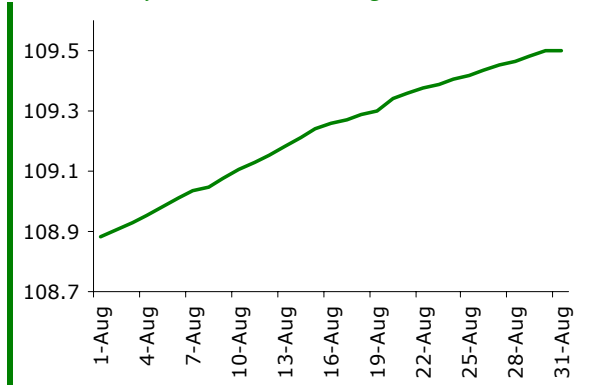
## MTPF Equity Sub Fund August 2008



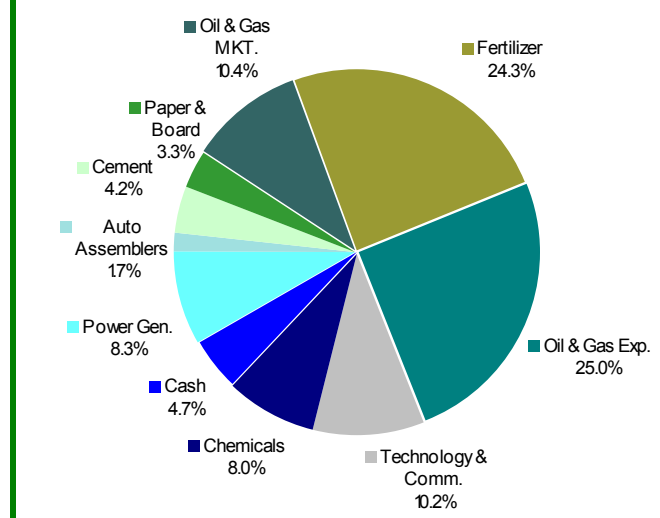
## MTPF Debt Sub Fund August 2008



## MTPF Money Market Sub Fund August 2008



## Sector Weightage as a % of Net Assets (MTPF – Equity)



## Performance

	MoM	YTD	Since Inception
MTPF- Equity	-15.74%	-26.49%	-24.19%
MTPF- Debt*	8.79%	9.73%	8.47%
MTPF- Money Market*	7.12%	8.80%	7.81%

\* at annualized rates

## Fund Assets:

PKR Millions	Jul'08	Aug'08	MoM %
MTPF- Equity	58.49	49.48	-15.40%
MTPF- Debt	61.70	62.20	0.80%
MTPF- Money Market	56.02	56.35	0.58%

## FUND REVIEW

As of August 31, 2008, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at PKR 167mn.

The MoM returns on Debt and Money Market sub funds were 8.79% and 7.12% respectively. However, a 15.74% negative return was posted in MTPF Equity sub fund primarily due to weak market sentiments.

**MUHAMMAD ASAD**  
CHIEF INVESTMENT OFFICER