



MKT/SY/FMR/029/08

February 04, 2008

Dear Investor,

السلام عليكم ورحمة الله وبركاته

We are pleased to inform you that in continuation with our endeavor to provide best investment management services, we have successfully launched a call center with a toll free number **0800-HALAL (0800-42525)**. It is a very easy number to remember and also in line with our business philosophy. This facility allows all our existing and prospective investors to make a free of cost call from any where in Pakistan and our trained and courteous staff will give prompt answers to your queries.

Pakistan's first Shariah compliant income fund, Meezan Islamic Income Fund (MIIF) completed its first year of operation on January 14, 2008. After one year operation MIIF annualized rate of return is 9.4% to the investors. The fund size has increased from Rs. 998 million to Rs. 7,331 million depicting a 635% growth in the fund size. In order to communicate this great achievement, we have undertaken a massive campaign on the leading newspapers and magazines. The campaign has generated a lot of interest in both individual and corporate investors.

In order to highlight the importance and benefits of Voluntary Pension Schemes in general and Meezan Tahaffuz Pension Fund in particular, Al Meezan Investments sponsored a seminar on Islamic Pension Fund organized by Professional Accountants Forum (PAFO) in association with Memon Professional Forum (MPF) on January 29, 2008. A large number of people attended the seminar and benefited from it.

A detailed Fund Manager's Report for the month of January 2008 is enclosed for your review and record. The fund sizes of MIF and MIIF as on January 31, 2008 stood at:

Meezan Islamic Fund (MIF)	Rs. 5,238million
Meezan Islamic Income Fund (MIIF)	Rs. 7,331million

We are optimistic that with your continued support and patronage we will continue to be the largest Shariah compliant asset management company in Pakistan providing the best investment management services to all our investors.

Yours truly,

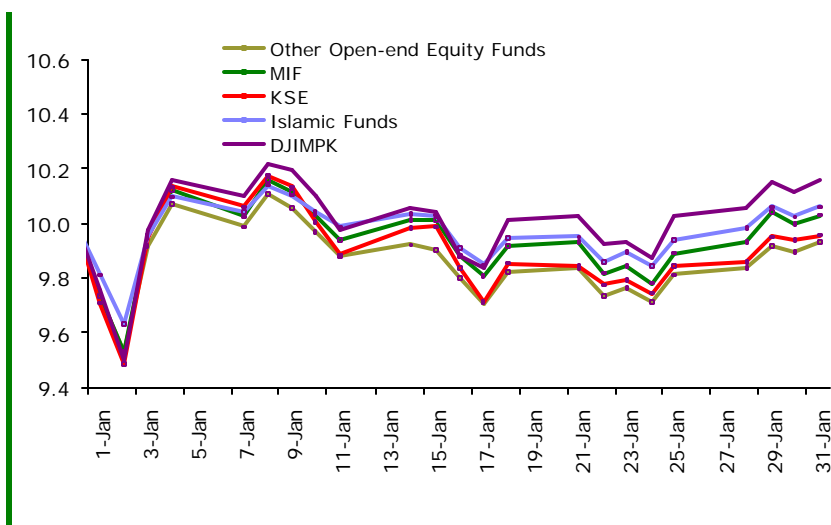
Sohail Yaqoob
SVP & Head of Marketing

MEEZAN ISLAMIC FUND



January, 2008

RELATIVE PERFORMANCE – JANUARY '08



NET ASSETS POSITION

Net Assets under management reached PKR 5,238 million at the end of the month of January 2008. The NAV during the month was up 0.29%, while the benchmark Dow Jones Islamic Index Pakistan (DJIMPK) was up 1.57%. The KSE 100 index during the same period was down 0.42%

	Dec '07	Jan '08	MoM Change
Net Assets (PKR mn)	4,633	5,238	13.06%
NAV Per Unit (PKR)	63.04	63.22	0.29%
KSE-100 Index	14,077	14,017	-0.42%
DJIMPK	18,015	18,298	1.57%

OVERALL ASSET ALLOCATION

	Dec '07	Jan '08
Shares	88.03%	85.40%
Cash & Other Assets	11.97%	14.60%
Total	100.00%	100.00%

The fund was 85% invested in shares at the end of Jan'08 as compared to 88% of net assets at the end of Dec'07.

Fund Statistics:

Fund Type:	Equity
Launch Date	8th August 2003
Trustee	CDC Pakistan Ltd.
Auditors	KPMG
Management Fee	3%
Front End Load	2%
Listing	KSE
Rating	5 Star

Global Markets

	Jan '08	FY08
US Markets		
USA	-4.6%	-6%
Latin American Markets		
Argentina	-6.7%	-8%
Brazil	-6.9%	9%
Asia/Pacific		
Singapore	-14.4%	-16%
China	-16.7%	15%
Hong Kong	-15.7%	8%
India	-13.0%	20%
Indonesia	-4.3%	23%
Japan	-11.2%	-25%
South Korea	-14%	-7%
Taiwan	-11.6%	-15%
Malaysia	-3.6%	3%
Australia	-11.3%	-10%
Pakistan	-0.4%	2%
European Markets		
London (UK)	-8.9%	-11%
Germany	-15.1%	-14%
France	-13.3%	-20%
Middle East		
UAE	-8.5%	25%
Saudi Arabia	-13.4%	39%



Al Meezan Investment Management Limited

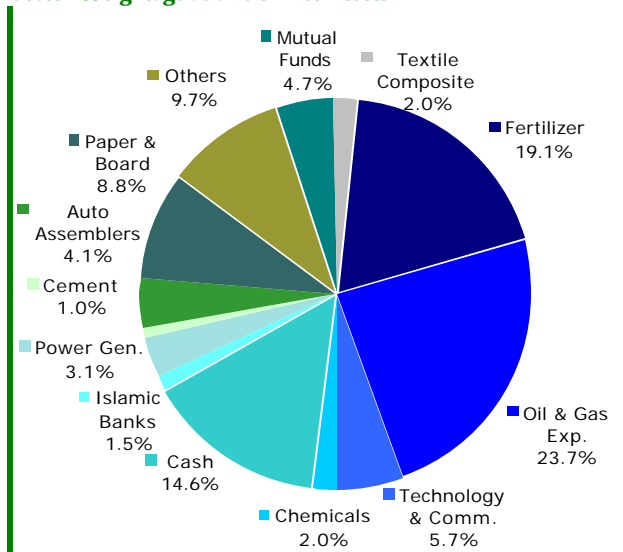
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Disclaimer

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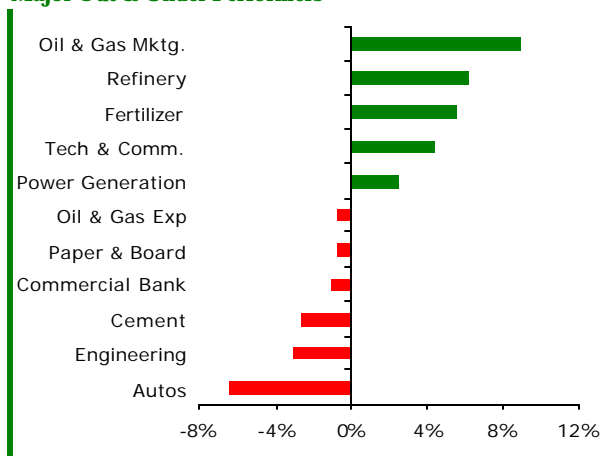
SECTOR ALLOCATION

Sector Weightage as a % of Net Assets



PERFORMANCE OF KEY SECTORS DURING THE MONTH

Major Out & Under Performers



Relative Performance

Month on Month	Dec '07	Jan '08
Return on MIF	-3.62%	0.29%
Return on KSE-100 index	0.55%	-0.42%
Return on DJIMPK	-1.01%	1.57%
Year - to - date (FY)		
Return on MIF	5.26%	5.56%
Return on KSE-100 index	2.20%	1.78%
Return on DJIMPK	0.46%	2.03%
Cumulative return since inception		
Return on MIF	204%	205%
Return on KSE-100 index *	235%	233%

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

MARKET REVIEW FOR THE MONTH

The KSE-100 index remained volatile throughout the month of January. The market plunged sharply in the aftermath of Ms. Bhutto's assassination, however, it quickly recovered on the announcement of the revised elections date of February 18, 2008. However, when market was on the path to recovery, the volatility in the international markets and challenging economic prospects resisted the index to cross 14,500 level.

During the month of January, KSE 100 index shed 60 points (0.42%), to close at 14,017. The average daily turnover during January was moderate being around 238mn and most of the contribution in activity was from the low priced sideboard items. CFS investment was well below its peak, hovering around PKR 50 billion level. The leverage rates normalized to below 11%.

The major out performers during the month were Oil Marketing Companies, Refineries, and fertilizer sectors while major underperformers were Auto, Cement and Oil Exploration companies.

KEY EVENTS DURING THE MONTH

1. Global markets round up

During the month of January, global markets remained extremely volatile and declined due to the recessionary concerns in the US economy. Among the US markets, Dow Jones Industrial average was down 5% whereas S&P 500 declined by 6%. The major hit came in the NASDAQ Composite Index which registered a fall of 10%. The impact was witnessed in the Asian bourses too. Hong Kong and China declined 16% MoM, whereas the Indian market was down 13% MoM.

Despite the global recessionary concerns and the subsequent meltdown in the global equity markets, the Karachi Stock Exchange showed strong resilience, and declined by a mere 0.4% during the month.

The US Fed, in a move to stabilize the declining economy and ease the recessionary pressures, reduced key interest rates by 125bps within the last eight days of the month. This improved investor sentiments and caused slight recoveries in the global markets.

2. Declining SCRA balances

The month of January, registered a net outflow of funds from the local capital markets. Political uncertainty and the global recessionary concerns were the major factors affecting the Special Rupee Convertible Account (SCRA) balances. The SCRA balance declined from a positive year to date figure of \$70mn in the beginning of the month to a negative figure of \$61mn at the end of the month, registering a decline of \$131mn.

3. Announcement of Monetary Policy- Discount rate hike

State Bank announced its monetary policy for the second half of FY08. As expected, the discount rate was increased by 50 bps to 10.5%. In addition to this, CRR (Cash Reserve Ratio)

on deposits of one year or less was increased by 100bps to 8%, which is expected to wipe out around PKR 30bn liquidity from the bank's deposits. Moreover, to enhance the country's long term trade outlook, SBP reinforced Long Term Financing Facility (LTFF) for different tenors at concessional rates. This step has been taken to avoid further strain on already distressed sectors, such as textiles, from the decrease in discount rate.

We believe that the discount rate will initially result in a spurt of 25-30 bps in the KIBOR rates, however, since the banking sector is awash with liquidity, going forward, the rates will stabilize. Moreover, the local capital markets are expected to show resilience in response to this announcement; however, slight correction might be witnessed in the highly leveraged sectors such as Cement, Textile, etc.

4. Oil Prices remained strong – touching new highs

Lowest level of crude oil inventories in the US in three years, increasing tensions between US and Iran, weakening dollar, and Nigerian oil supply disruptions lead international crude oil prices to break all records and traded as high as \$100 a bbl on January 3, 2008. Later, during the second half oil prices slipped sharply and made a low of \$87.65 a barrel due to increasing inflationary and recessionary fears in world's biggest economies of US and Japan. However, oil prices got support after the rate cut from the US Fed and OPEC's decision to maintain the oil output at current levels.

FUTURE OUTLOOK

Despite political uncertainty, KSE-100 index has shown a lot of resilience in the last couple of months vis-à-vis decline in global markets and amid domestic political concerns. Going forward, we expect politics to remain in the forefront and stock market will remain volatile till the elections are held smoothly. Hence we advise our valued investors to take exposure in stock market through mutual funds rather than taking exposure directly in equity market.

Last month due to corrections in international markets, the discount in the multiples of the regional markets narrowed down as can be observed from the comparative Price to Earnings (P/E) multiples of Jan and Dec in the table below. Pakistan as compared to the regional markets, is still trading at a P/E of 10.6x, a discount of 25-35% from regional markets, which shows significant upside potential in the market.

	P/E (CY08 Earnings)		Div. Yld. (%)	Index MoM (%)
	Jan' 08	Dec' 07		
	China	14.70	18.10	2.6
Hong Kong	16.40	18.30	3.0	-15.67
Singapore	14.40	16.30	3.4	-14.37
South Korea	10.00	12.80	2.1	-14.36
India	17.90	19.70	1.2	-13.00
Taiwan	10.80	12.20	5.5	-11.58
Indonesia	15.90	17.70	3.8	-4.32
Malaysia	13.90	15.60	2.7	-3.58
Pakistan	10.56	10.96	4.9	-0.42

PORTFOLIO VALUATIONS

	MIF	KSE-100
Risk measurement		
Standard Deviation	1.47%	1.58%
Beta	0.88	1.00
Correlation	0.99	
Semi-Variance (Downside Risk)	0.02%	0.02%
Portfolio Valuation		
Prospective P/E Multiple	10.30	10.56
Prospective Dividend Yield	6.5%	4.9%
Return Measures		
	Dec '07	Jan '08
Average Daily Return – MIF	-0.21%	0.02%
Average Daily Return - DJIMP	-0.05%	0.08%
Information Ratio	-0.42	-0.10
Sharpe Ratio	-0.200	-0.002

TOP TEN HOLDINGS

Al-Meezan Mutual Fund, Engro Chemical, Fauji Fertilizer Co., Fauji Fertilizer Bin Qasim, Hub Power Company, Oil & Gas Development Co., Packages, Pakistan Petroleum Ltd., Pakistan State Oil and Pakistan Telecommunication Co. Ltd.

OTHER FUNDS MANAGED BY AMIM

Al Meezan Mutual Fund (AMMF) and Meezan Balanced Fund (MBF), the two closed-end funds under management of AMIM are also invested in high quality companies that are expected to grow their business translating into higher profits and growth in NAVs over time. These funds are trading at relatively large discount to their NAVs.

Closed-end Funds			
31 st January '08	NAV (PKR)	Market Price (PKR)	Discount to NAV
Al Meezan Mutual Fund	14.83	12.60	15.04%
Meezan Balanced Fund	12.24	8.95	26.88%

AMIM also manages a pension fund, Meezan Tahaffuz Pension Fund (MTPF), which was launched in June 2007. The fund, despite political uncertainty, has performed well since its inception. The total size of the pension fund increased to PKR 172mn as on Jan 31st, 2008.

Meezan Tahaffuz Pension Fund			
Sub Funds	MoM	YTD	Since Inception
MTPF- Equity	0.74%	8.89%	8.81%
MTPF- Debt	0.66%	4.71%	4.75%
MTPF- Money Market	0.61%	4.55%	4.52%

MEEZAN ISLAMIC INCOME FUND (MIIF)

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

PERFORMANCE REVIEW

Meezan Islamic Income Fund (MIIF) which is Pakistan's first Shariah Compliant open-end income fund, completed one year of operations since its launch on January 15, 2008. 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.

During the month net assets of the fund has crossed PKR 7 billion mark and closed the month at PKR 7.33 billion, an increase of 8.19% over previous month. The fund comprises of Shariah compliant spread transactions, Sukuk & other Islamic fixed income instruments. The fund has provided annualized return of 9.4% since inception.

We anticipate a rate of return of approximately 9% going forward.

MARKET ACTIVITY

The anticipation of a hike in discount rate reflected on the dull trading witnessed in the money market. The SBP was unable to mop up the liquidity from the market through T-bill and PIB auctions as the dealers had incorporated the expected 50bps increase in discount rate, and placed their bids accordingly factoring in the higher yields. The SBP failed to meet its target of 65bn in the T-Bill auction held on 30 January 2008 as bids of only Rs5bn were received which were rejected. In previous T-Bill auctions held in January the weighted average yields of 6 month T-Bills inched up to 9.296% whereas the PIB auctions resulted in an increase of average yields by 40-50 bps of PIB's of all tenures, giving a strong indication to the market of a hike in discount rate. The yield on 10 year PIB increased to 10.85% reflecting a 64 bps jump. However overall activity remained on the sidelines and dealers were reluctant to take any positions before the monetary policy announcement.

The monetary policy announced on January 31, 2008 was focused primarily on curbing inflation without significantly impacting the growth in the country. The 6 month KIBOR hovered around 10% for most of the time during the month, however, post monetary policy announcement, we anticipate upward movement of 25-30bps in KIBOR.

Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jan-07
Trustee	CDC
Unit Types	A, B & C
Portfolio Duration	3.56 Months
AMC Rating	AM2 (High Quality)

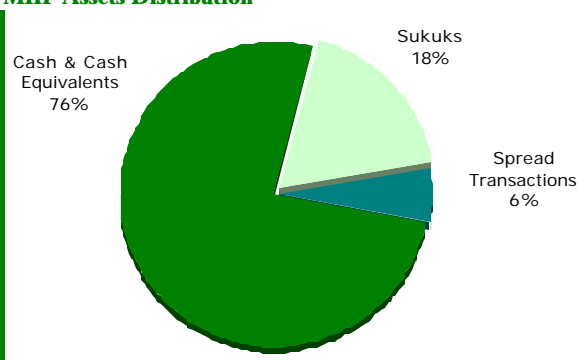
Fund Performance in Returns:

	Dec-07	Jan-08
MoM	0.73%	0.75%
MoM (Annualized)	8.80%	9.00%
Return since Inception	9.38%	9.40%

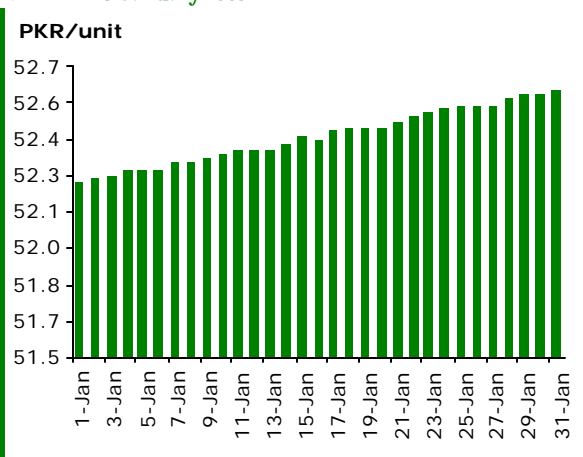
Fund Assets:

	Dec-07	Jan-08	Change
Net assets (PKRmn)	6,776	7,331	8.19%
NAV per unit (PKR)	52.21	52.60	0.75%

MIIF Assets Distribution



MIIF NAV January 2008



Muhammad Asad
SVP & Head of Investments