



MKT/FMR/043/09

April 03, 2009

Dear Investor,

You would recall that on 4th January 2009 I had shared with you a special note on “Four lessons from the market”. My very first advice to you was “Don’t Panic” and do not move your money out of the stock market during times of volatility or weakness. Just as a recap, here is very brief summary of four lessons I shared with you (For full article, please refer to FMR for December 2008 issued on 4th January 2009).

1. Markets move in cycles. Markets always recover and avoid bubbles.
2. Diversification reduces risk.
3. “Time-in” not “timing”. Most of the long term gains on equity market are made or lost in just a few trading days and it is impossible to predict those days so remain invested.
4. Start early, save regularly.

I am pleased to inform you that most of our investors benefitted from this advice and they either remained invested or increased their investment in our funds during the last three months. They also diversified by investing in both our equity and income open end funds (MIF and MIIF) and made handsome returns in a short period of 3 months.

Meezan Islamic Fund has substantially outperformed during the stock market recovery witnessed during the quarter ended March 31, 2009. As an investor in MIF, you have reaped return of **45%** in 3 months. This is substantially higher than the appreciation of 33% for our benchmark Dow Jones Islamic Index. It is also higher than appreciation of 17% and 40% respectively in KSE- 100 Index and KSE Meezan Islamic Index. Your patronage has helped in increasing net assets of MIF to about **Rs. 4 billion**, and hence it continues to be the largest open end equity fund in the private sector.

The annualized return for Meezan Islamic Income Fund (MIIF) this quarter was 39.83%. This includes the impact of revaluation of sukuk portfolio. Even if we eliminate this non recurring gain of revaluation, annualized return was 14.1%, showing consistent performance and offering the highest return in the category of Islamic Income Funds.

We are pleased to inform you that member services area at our website is now fully operational. You can subscribe to various features including web based access to your investment account by registering at www.almeezangroup.com.

NOTICE OF BOOK CLOSURE - MEEZAN ISLAMIC INCOME FUND

The unit holders’ register of MIIF will remain closed on 15th and 16th April 2009 for determining the entitlement of distribution, if any, that may be declared by the Board of Directors of Al Meezan Investment Management Limited (The Management Company).

During this period, there will be no transactions in the units of the Fund. Transactions in units will recommence from Friday April 17, 2009.

We are thankful to all our valued investors for their support and continued patronage. We at Al Meezan Investments are committed to provide the best Shariah compliant investment management services to our investors.

Regards,

Mohammad Shoaib, CFA
Chief Executive Officer

KARACHI STOCK MARKET – SPECTACULAR PERFORMANCE IN 2009

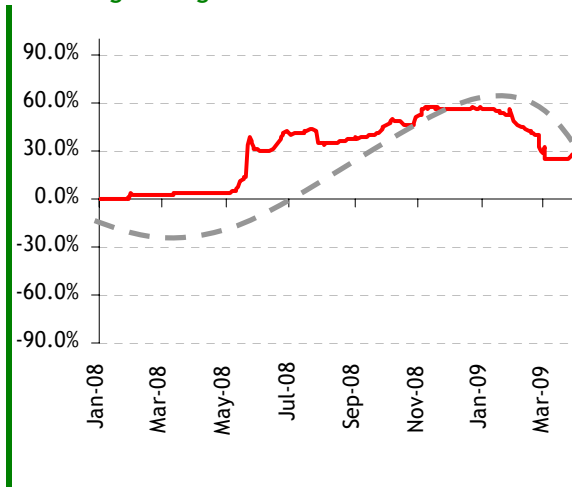
During the first quarter of 2009, KSE-100 Index has appreciated by 17% and KSE has been one of the best performing markets in the world. Dow Jones Islamic Index which is our benchmark for equity funds has appreciated by 33% during this period. We believe that this positive trend in the market will continue going forward due to economic factors discussed below.

FACTORS RESPONSIBLE FOR MARKET PERFORMANCE

1. Reversal in Interest Rates Movement

Economic principles teach us that, as interest rates rise, people shift their investments from equity to fixed income instruments. The graphs below give a clear indication that the stock market began to fall in April 2008 as interest rates began to rise. The cumulative rise of 500 basis points in policy rate from 10% to 15% during CY08 squeezed liquidity from the Pakistani market. This had adverse impact on the stock market as the monetary tightening hit the KSE-100 index hard causing it to fall a whopping 70% to touch 4,800 levels from peak level of 15,800 touched in April 2008. With recent reversal in interest rate movement, the stock market has responded positively with KSE-100 index gaining 20% in March 2009.

Percentage change in KIBOR since Jan-08



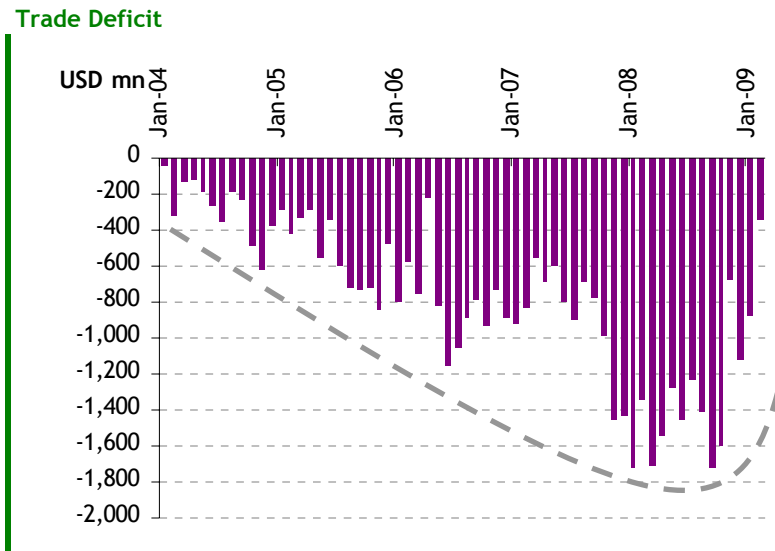
Percentage change in KSE 100 Index since Jan-08



2. Correlation with macroeconomic indicators – Declining Trade Deficit

Another interesting relationship can be seen between the return on the KSE 100 index and the trade deficit. As the trade deficit has started to improve in recent months the stock returns have begun to improve. Furthermore an improving external account position has led to a stable Pakistani currency. However, high core inflation is still a cause of concern and requires administrative measures to control it. From 25.3% in August, 2008 the year on year inflation has however, started to slide downward now.

In the past 8 months oil prices have come down from the peak of \$147 to \$50 per barrel. Pakistan's trade deficit has gradually improved from over US\$ 1,700mn per month to less than US\$400mn in Feb 2009. We had a Current Account surplus in Feb 2009 after persistent deficit in preceding twenty months. Balance of trade figures for current fiscal year are also expected to be better than preceding year, and more importantly will result in lower imported inflation and lower interest rates.



3. Declining Speculative activities due to Cash Market

The recent turmoil in which market remained frozen has effectively wiped out the leveraged positions of the market participants. CFS financing, the main source of speculative activity and the main cause of stock market bubbles in the past, has reduced to a minimum. All the activity taking place at KSE is in the cash market and hence we see more stability in the market.

4. Inclusion of Pakistan in MSCI-Frontier Market Index

There was a recent announcement on inclusion of MSCI Pakistan in MSCI Frontier Index. This further provided the support to the stock market which is evident from daily trading volume increasing to over 300mn shares.

5. Declining KIBOR leading to reduction in financial costs

With the declining interest rates scenario, the companies are benefiting from reduction in financial charges. This will definitely help improve the earnings and provide cheaper access to funds for expansion purposes.

6. Decline in Outflow to International Commodity and Real Estate markets

Investors who invested heavily in commodities and other currencies during the commodity market boom last year have suffered a lot in recent months. This created liquidity crunch in the financial markets and stock market could not get respite from any corner. Sultan Al Suwaidi, Governor of the UAE Central Bank, is of the view that real estate prices have gone down due to psychological reasons driven by sellers' and buyers' expectations besides non-availability of bank loans. Referring to a recent report in a leading newspaper, Pakistanis have invested \$2.4bn in real estate in UAE and have suffered heavy losses in recent times as real estate prices tumbled in the Middle East. With declining commodity and real estate prices and stable currency, there is not much incentive for domestic investors to take their money abroad or invest in commodities and real estate.

7. FII Portfolio Investment Flows

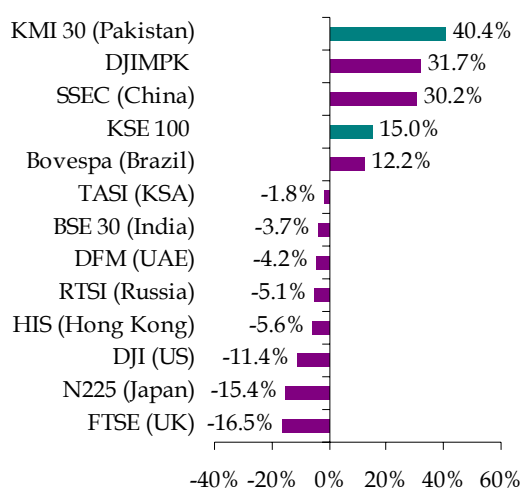
Foreign Institutional Investment (FII) portfolio flows were guided by the political situation and equity meltdown in global financial markets. Since the start of Jan 2008, net

outflow of portfolio investment totaled \$612mn, with \$236mn in the previous quarter. In the recent past we have seen slowdown in FII outflows and we expect to see some positive flows as market stabilizes.

MARKET STILL TRADING AT ATTRACTIVE VALUATIONS

Before the steep downturn, stock market was trading in the band of 7 to 11 PE multiples a discount of 35% to 40% against regional stock market multiples. After the downturn PE multiple for the market had fallen to 4 times mainly because of economic and political uncertainties that had plagued the country in the past couple of years. With some of the political crises abated in the past few months, the market is currently trading at a PE multiple of 6.5. The dividend yield even at current levels is around 11% which is quite attractive in a declining interest rate environment.

International Stock Market Dollar based Returns 1QCY09



Regional Valuations	EPS	P/E	Div.
	Growth		Yield
	(%)	(x)	(%)
Pakistan	7.3	6.3	10.6
China	3.0	10.2	4.1
Hong Kong	5.1	10.9	4.5
India	-1.2	12.3	1.8
Indonesia	43.6	16.7	3.0
Malaysia	-4.9	12.8	3.7
Philippines	7.5	10.1	4.7
Singapore	-17.3	12.2	4.4
South Korea	-4.3	15.9	1.5
Taiwan	-37.6	26.8	4.1
Thailand	1.4	8.1	6.1
Japan	16.0	27.8	2.2

Source: Merrill Lynch

We can therefore conclude that the above factors have led to a re rating of Pakistan stock market and one can expect good returns over medium to long term.



AL Meezan Investment Management Limited

March, 2009

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. Al Meezan Investments 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 size of funds under management of Al Meezan Investments, the only full fledged Shariah compliant asset management company in Pakistan, have reached Rs. 13.5bn as on March 31, 2009. With AM2 - Management Quality rating, the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

STOCK MARKET REVIEW

During March, stock market continued its upward rally with KSE-100 Index gaining 1,133pts, appreciating 19.77% MoM, to close at 6,860 level. This is the highest gain in a single month in the last 4 years. The average daily volume rose to 181mn shares as compared to 161mn shares in the previous month.

In the first half, the uncertainties on the political front and judiciary movement restricted the market to a range bound movement with index hovering around 5,500 to 6,000 level.

Later, restoration of judiciary and anticipation of political stability helped the market to a positive rally with the index breaching psychological barrier of 7,000 points with market volumes increasing and touching a high of 330mn shares. Other factors contributing to the bull run were inclusion of KSE in MSCI Frontier Index, incentive driven petroleum policy, and encouraging prospects on aid front.

Going forward, increasing political stability, resolution of the issue of circular debt and the approval of second tranche of \$847mn loan from IMF at the end of the month will help the market to continue with its positive momentum.

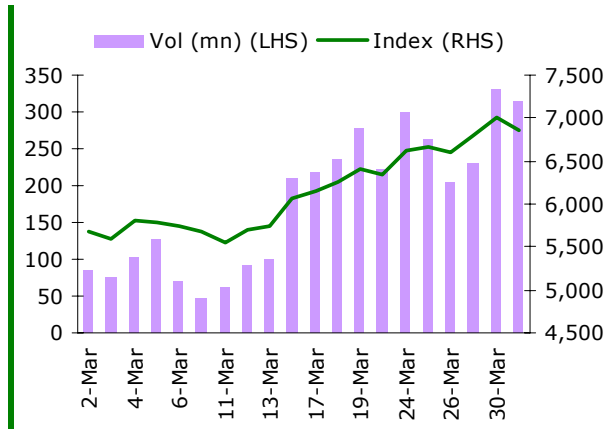
MONEY MARKET REVIEW

With market participants anticipating a cut in discount rate in the upcoming monetary announcement in April 09, liquidity position continued to ease up during March. This was also apparent in call markets where overnight rates remained within a comfortable band of 10%-12%.

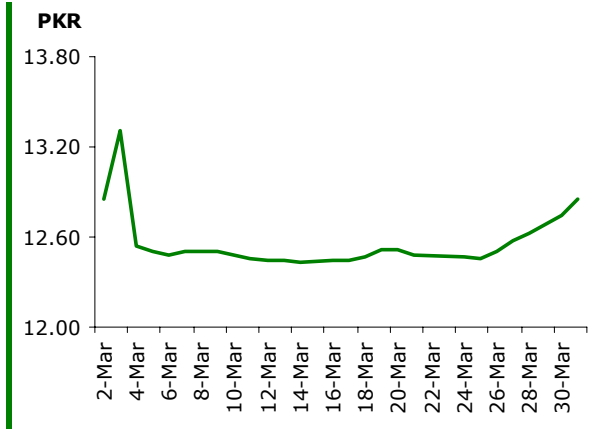
Inline with market expectations, SBP actively mopped up excess money market liquidity, conducting two T-bill auctions and accepting a total of Rs. 201bn. Of the total accepted amount, SBP sold Rs. 105bn worth of 1-year paper as participants continued to show interest in the long tenor paper. Month on month, the cut-off rates for 3-month paper declined by 87bps and closed at 11.74%, whereas cut-off rates for 6-month and 12-month papers closed the month at 11.89% (108bps down) and 11.95% (105bps down) respectively. In addition to this, SBP conducted third Ijara-Sukuk auction and accepted Rs. 15bn worth of bids with a cut-off spread of 0% over previous 6-month T-bill rate of 12.96%

KIBOR witnessed sharp declines at the beginning of March, however, with slight recovery at month end, it closed at 12.85%, down 16bps from its close at the end of February. During 3QFY09, 6-month KIBOR has decreased from 15.70% to 12.85%, a decline of 285bps.

KSE-100 Index 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)



Pakistan's Largest Shariah-compliant Open-End Equity Fund

Fund Statistics:

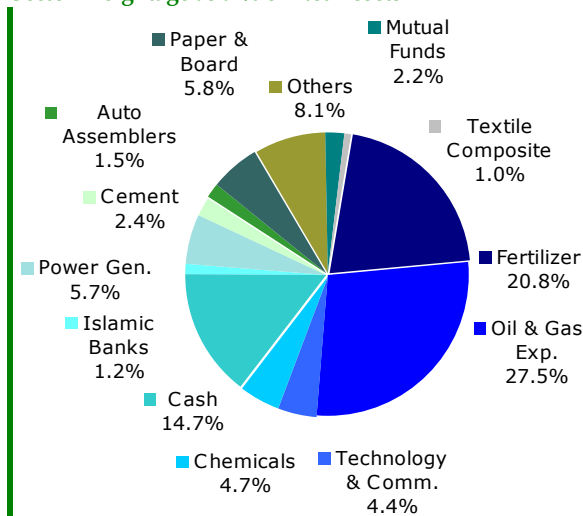
Fund Type:	Equity
Launch Date	8th August 2003
Trustee	Central Depository Company
Auditors	A.F. Ferguson
Management Fee	2%
Front End Load	2%
Benchmark	DJIMPK
Listing	KSE
Fund Rating	5 Star (Long term – JCR-VIS)

Performance

Month on Month	Feb '09	Mar '09
Return on MIF	5.69%	23.26%
Return on KSE-100 index	6.51%	19.78%
Return on DJIMPK	6.31%	20.22%
Year – to – date (FY)		
Return on MIF	-47.75%	-35.60%
Return on KSE-100 index	-53.39%	-44.18%
Return on DJIMPK	-49.84%	-39.70%
Cumulative return since inception		
Return on MIF	52%	87%
Return on KSE-100 index *	36%	63%

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

Sector Weightage as a % of Net Assets



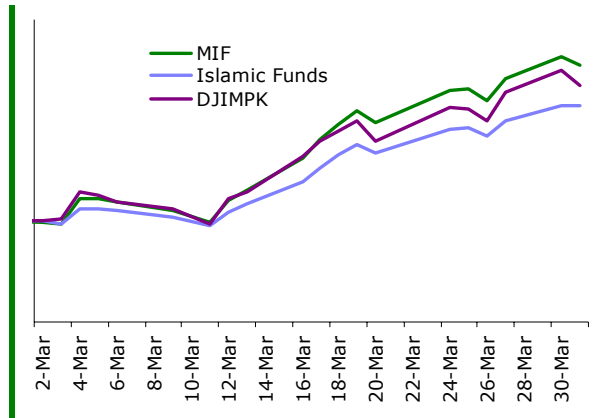
Top Ten Holdings

Engro Chemical	Pakistan Oilfields
Fauji Fertilizer Co.	Pakistan Petroleum Ltd.
ICI Pakistan Limited	Pakistan State Oil
Oil & Gas Development Co.	Pakistan Telecom
Packages Limited	The Hub Power Co. Ltd.

Fund Assets:

	Feb '09	Mar '09	MoM %
Net Assets (mn)	2,957	3,992	35.00%
NAV Per Unit	26.15	32.23	23.28%
KSE-100 Index	5,727	6,860	19.78%
DJIMPK	9,078	10,913	20.22%

RELATIVE PERFORMANCE – MARCH '09



FUND REVIEW

The net assets of Meezan Islamic Fund as at March 31, 2009 stood at Rs. 4bn. The fund's NAV appreciated by 23.3% during the period under review, whereas DJIMPK rose by 20.2%, thereby outperforming the benchmark by 3.04%.

For the 1QCY09, MIF has provided its investors with a halal return of 44.6%.

On the basis of our expectation of a strong market going forward we remained an equity exposure of around 85%. Simultaneously, we have ensured that we maintain a mix of defensive and growth stocks to provide stable and maximum upside to our investors in periods ahead.

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 & Co.
Portfolio Duration	52 Days
Fund Stability Rating	Rating watch

Fund Assets:

	Feb '09	Mar '09	MoM %
Net assets (Rs mn)	4,757	4,998	5.08%
NAV per unit (Rs)	50.56	51.49	1.84%

Performance

Month on Month	Feb '09	Mar '09
Return on MIIF	0.95%	1.84%
Return on MIIF (annualized)	14.71%*	13.07%

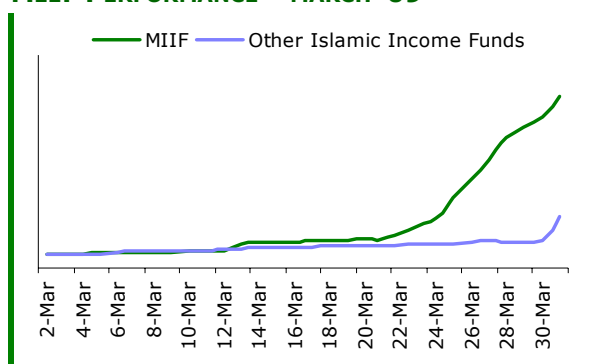
Year - to - date (FY)

Return on MIIF	9.07%	9.63%
Return on MIIF (annualized)	12.70%*	12.60%*

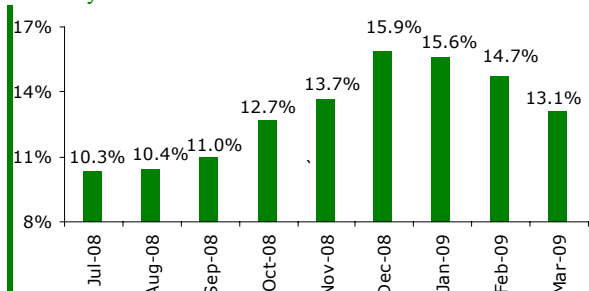
Cumulative return since inception (annualized)

Return on MIIF	11.39%*	11.85%
----------------	---------	--------

MIIF PERFORMANCE – MARCH '09

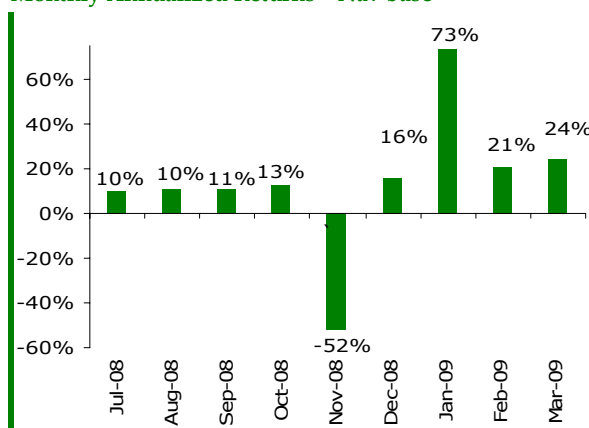


Monthly Annualized Returns*

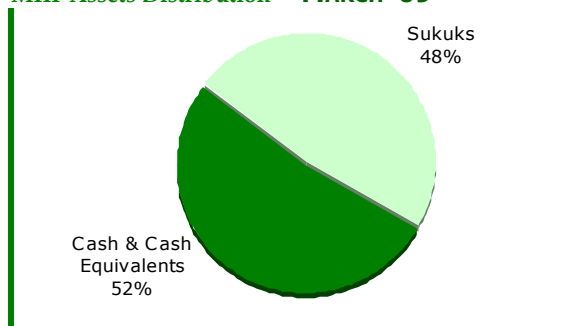


* adjusted for revaluation impact

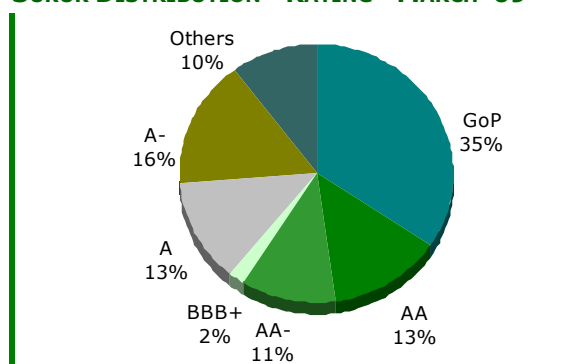
Monthly Annualized Returns – Nav base



MIIF Assets Distribution – MARCH '09



SUKUK DISTRIBUTION - RATING- MARCH '09



FUND REVIEW

MIIF is aimed at providing our valued customers with a consistent stream of income that not only complies with Shariah, but also focuses on long term preservation of capital. Major portion of the fund is invested in liquid Islamic income avenues.

The annualized return of Meezan Islamic Income Fund (MIIF) was 13.07%* for the month of Mar 09, with net assets of the fund at Rs. 5bn.

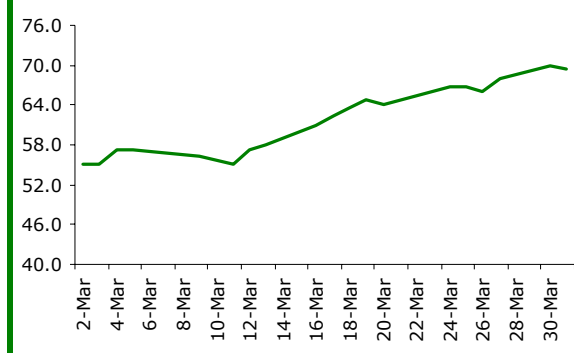
MEEZAN TAHAFFUZ PENSION FUND (MTPF)

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

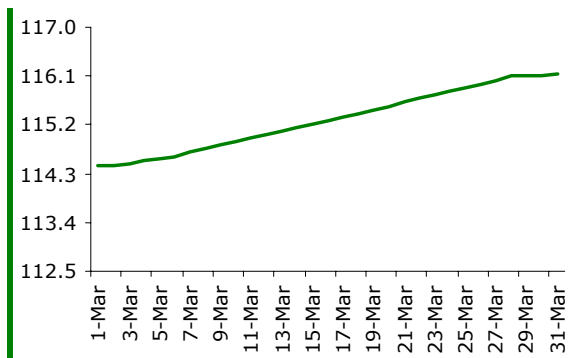
Fund Statistics:

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 -

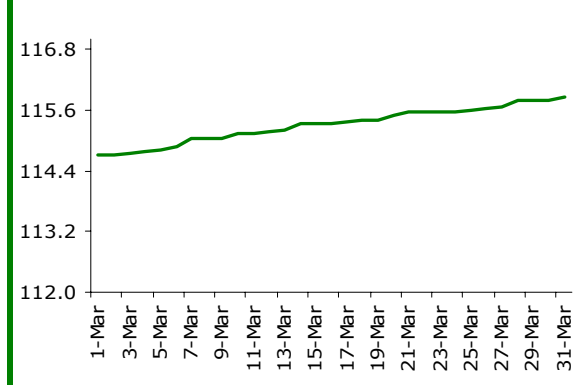
MTPF Equity Sub Fund March 2009



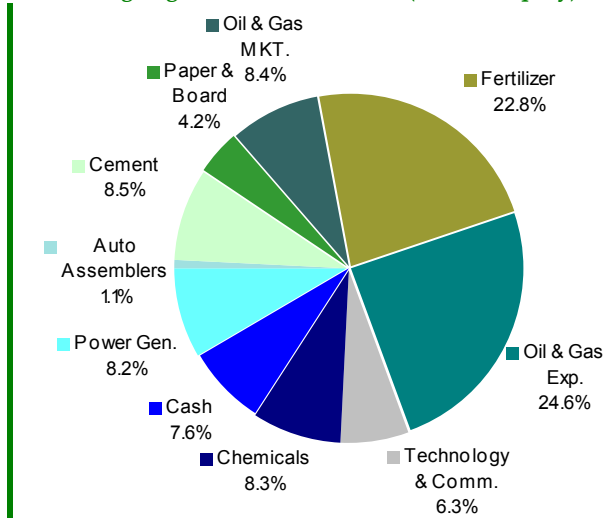
MTPF Debt Sub Fund March 2009



MTPF Money Market Sub Fund March 2009



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



Performance

	MoM	YTD	Since Inception
MTPF- Equity	25.74%	-32.83%	-30.74%
MTPF- Debt*	19.87%	9.40%	8.75%
MTPF- Money Market*	13.45%	9.87%	8.59%

* at annualized rates

Fund Assets:

PKRmn	Feb'09	Mar'09	MoM %
MTPF- Equity	37.30	47.53	27.45%
MTPF- Debt	64.83	66.19	2.10%
MTPF- Money Market	58.98	59.71	1.24%

FUND REVIEW

As at March 31, 2008, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 173mn.

The annualized MoM returns on Debt and Money Market sub funds were 19.87% (adjusted for sukuk revaluation) and 13.45% respectively. Furthermore, equity sub-fund has shown an appreciation of 25.74% MoM in the wake of robust equity market performance

MUHAMMAD ASAD
CHIEF INVESTMENT OFFICER