



MKT/SY/FMR/035/08

August 07, 2008

**Dear Investor,**

We are pleased to inform you that the Board of Directors of Al Meezan Mutual Fund (AMMF) has announced 10% Cash Dividend (i.e., **Re. 1 per share**) for the year ended June 30, 2008.

Earlier, Al Meezan Investments announced Dividend of Rs. 10 per unit for Meezan Islamic Fund (MIF) and final Dividend of Rs. 1.35 per unit for Meezan Islamic Income Fund (MIIF). The final dividend of MIIF was in addition to an interim dividend of Rs. 3.25 per unit, making a total payout of Rs. 4.60 per unit. Both the announcements were very well received by all of our investors.

For the convenience of our existing and prospective investors, we have placed dedicated Investment Officers at various MBL Branches across the country. In continuation of this endeavor we have further strengthened this network and now we have 33 dedicated Investment Officers placed at various MBL Branches to provide guidance and assist you in meeting your investment objectives.

If you have not provided us the Zakat Exemption Declaration earlier, we will appreciate if you provide the required declaration before the first Ramadan. In view of non receipt of this declaration, Zakat will be deducted at the time of redemption or distribution.

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

<b>Meezan Islamic Fund (MIF)</b>	<b>Rs. 5,345 million</b>
<b>Meezan Islamic Income Fund (MIIF)</b>	<b>Rs. 5,638 million</b>

Alhamd'o'lilah, the net assets under management of Al Meezan Investments are over Rs.17 billion, which is reflective of your confidence and trust in our funds. 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

July, 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 16.8bn as on July 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 JCR – VIS recently assigned a mutual fund performance rating of A(f) to Meezan Islamic Income Fund (MIIF), representing moderate degree of stability in returns.

### STOCK MARKET REVIEW

During July, the market declined by 1705 points (13.88%), to close at 10,583. The average daily volumes shrank to 83mn shares as compared to previous month's average of 140mn, recording a decline of 41%.

In the first half of the month, the volumes in the market remained very thin (averaging 39m shares) as the investors found no exit mechanism due to SECP market stabilization measures taken at the end of June. After the restoration of the circuit breakers to the previous levels of 5%, the volumes improved, averaging 123m shares for the second half of the month. Moreover, the net foreign outflow of US\$ 84mn in July08 further dampened the market sentiment. Towards the end of the month, changes in the duty structure of refineries and capping of OMC margins created apprehensions regarding the future profitability of the sector.

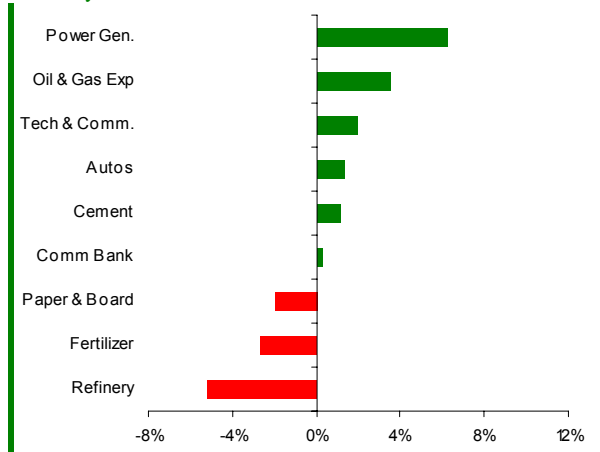
### MONEY MARKET REVIEW

The market expectations of further tightening kept interbank rates on the higher side for the better part of the month, with the benchmark rate (6-month KIBOR) touching a high of 14.24%. The central bank, in its monetary policy announcement on July 29th, increased the policy rate by 100bps to 13% while maintaining reserve requirements at their previous levels. Since the tightening was already priced in by market participants, post announcement, the interbank rates (6-month KIBOR) eased up slightly and closed the month at 13.48%.

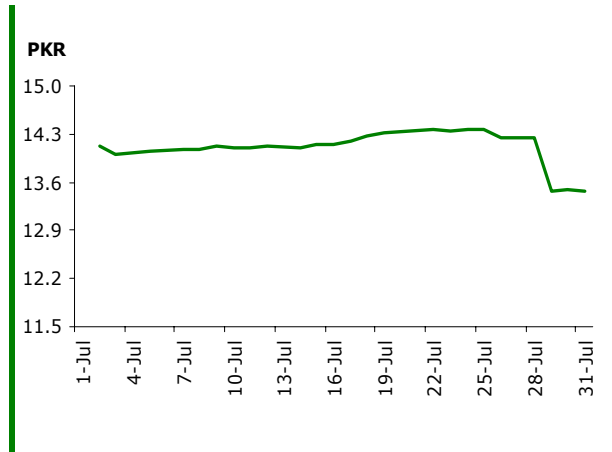
In line with its continued tight stance, SBP conducted three T-bill auctions, mopping up a cumulative amount of over PKR 171bn in July. In its last auction on July 31st, the cut-off rates (on 3-month paper) increased to 12.20%, up 41bps from the previous session.

On the foreign exchange front, due to continuous rise in international crude oil prices, increasing trade deficit, and declining foreign exchange reserves, rupee remained under pressure during the month. In the interbank market, rupee lost 4.3% in July and closed the month at PKR 71.38/US\$.

### 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	3%
Front End Load	2%
Benchmark	DJIMPK
Listing	KSE
Fund Rating	5 Star

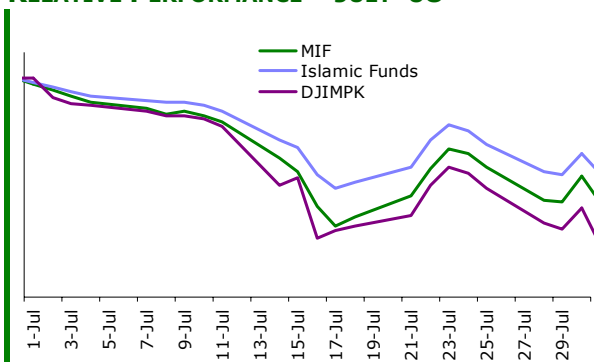
## Risk Measures

Beta	0.95
Correlation	0.96
Standard Deviation	2.29%
Semi Variance	0.06%
Information Ratio	0.10
Sharp Ratio	-0.226

## Fund Assets:

	Jun '08	Jul '08	MoM %
Net Assets (mn)	6,035	5,345	-11.44%
NAV Per Unit	60.05	42.96	-14.17%
KSE-100 Index	12,289	10,584	-13.88%
DJIMPK	18,097	14,654	-19.03%

## RELATIVE PERFORMANCE – JULY '08



## Performance

Month on Month	Jun '08	Jul '08
Return on MIF	0.98%	-14.17%
Return on KSE-100 index	1.31%	-13.88%
Return on DJIMPK	-0.27%	-19.03%

## Year – to – date (FY)

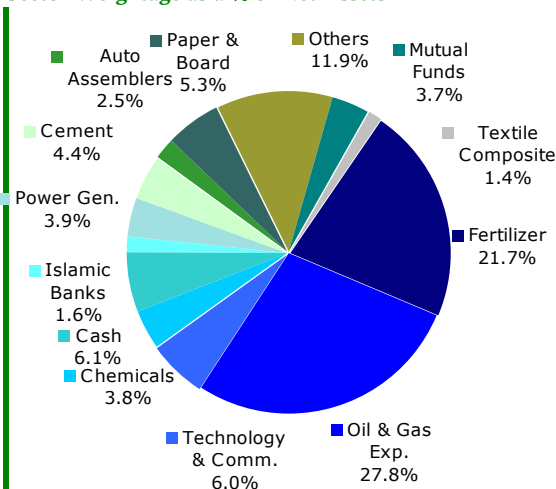
Return on MIF	0.27%	-14.17%
Return on KSE-100 index	-10.77%	-13.88%
Return on DJIMPK	0.92%	-19.03%

## Cumulative return since inception

Return on MIF	190%	149%
Return on KSE-100 index *	192%	152%

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

## Sector Weightage as a % of Net Assets



## Top Ten Holdings

Al-Meezan Mutual Fund	Packages
Engro Chemical	Pakistan Oilfields
Fauji Fertilizer Co.	Pakistan Petroleum Ltd.
Fauji Fertilizer Bin Qasim	Pakistan State Oil
Oil & Gas Development Co.	Pakistan Telecom

## FUND REVIEW

Net assets of the fund declined by 11% during the month to close at PKR 5.35bn. The NAV closed at PKR 42.96, a decline of 14.17% MoM basis as compared to 13.88% and 19.03% decrease in KSE-100 index and DJIMPK respectively. As at July 31 2008, the fund was 94% invested in equities.

Going forward, we expect the market to stabilize after the current economic and political uncertainties are clarified. 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	2.85 Months
Fund Rating	A(f)

## Fund Assets:

	Jun '08	Jul '08	MoM %
Net assets (PKRmn)	5,737	5,638	-1.39%
NAV per unit (PKR)*	50.01	50.43	0.84%

\* ex-dividend price

## Performance

Month on Month	Jun '08	Jul '08
Return on MIIF	0.77%	0.84%
Return on MIIF (annualized)	9.31%	9.89%

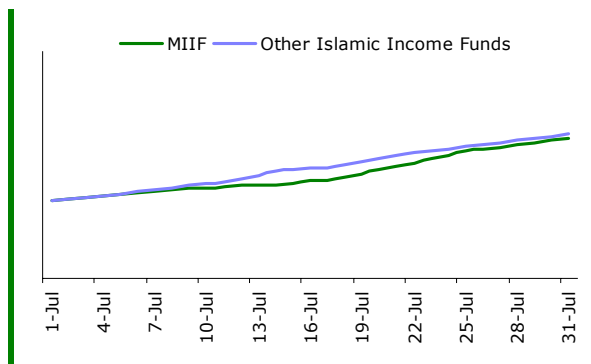
## Year - to - date (FY)

Return on MIIF	9.15%	0.84%
Return on MIIF (annualized)	9.15%	9.89%

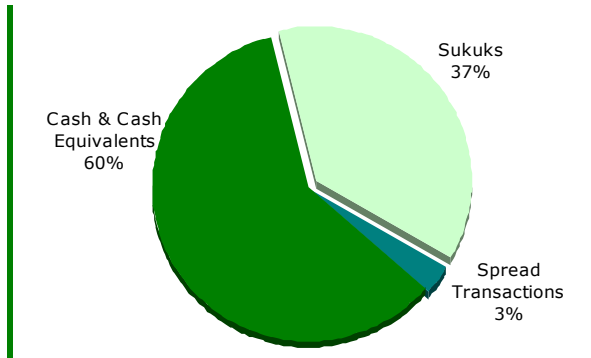
## Cumulative return since inception (annualized)

Return on MIIF	9.70%	9.80%
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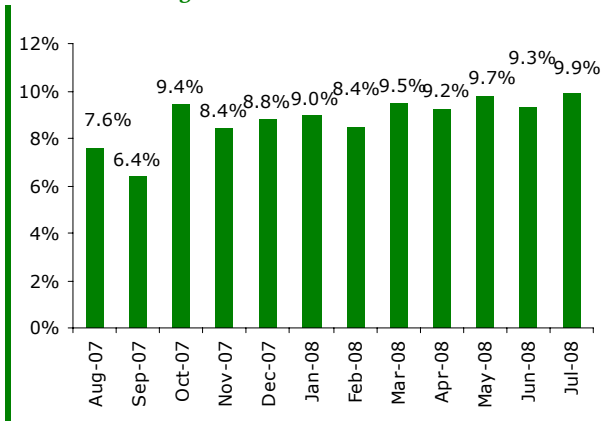
## MIIF PERFORMANCE – JULY '08



## 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 9.89% to its unit holders, with net assets of the fund standing at PKR 5.64 billion. Since inception the fund has provided an annualized return of 9.80%. With a rising interest rate environment, we expect MIIF to post double digit returns going forward.

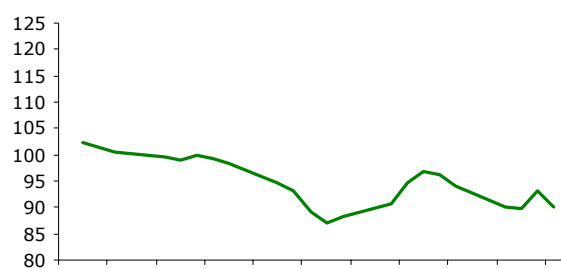
# MEEZAN TAHAFFUZ PENSION FUND (MTPF)

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

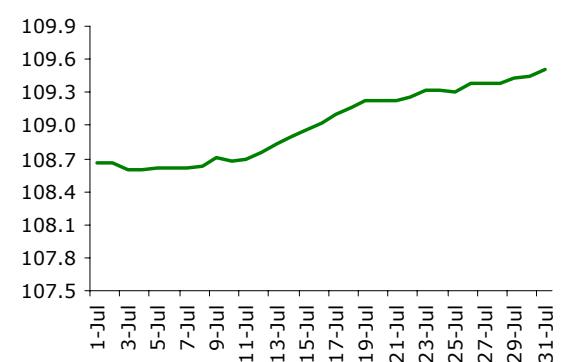
## Fund Statistics:

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)

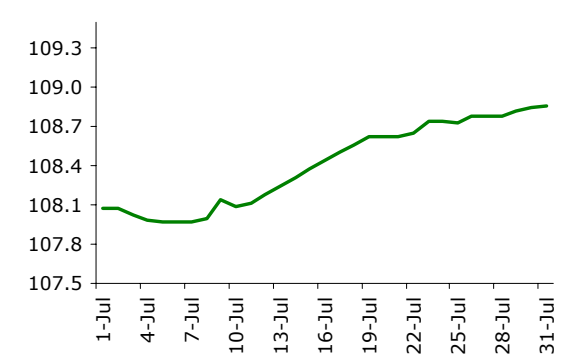
## MTPF Equity Sub Fund July 2008



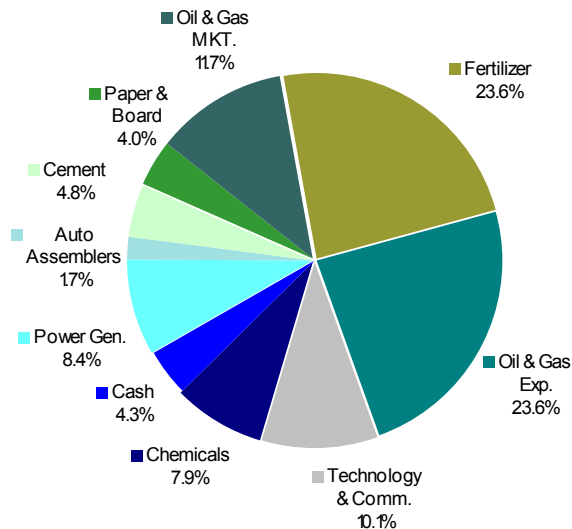
## MTPF Debt Sub Fund July 2008



## MTPF Money Market Sub Fund July 2008



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



## Performance

	MoM	YTD	Since Inception
MTPF- Equity	-12.75%	-12.75%	-10.03%
MTPF- Debt*	10.39%	10.39%	9.27%
MTPF- Money Market*	10.23%	10.23%	8.63%

\* at annualized rates

## Fund Assets:

PKR Millions	Jun'08	Jul'08	MoM %
MTPF- Equity	65.98	58.49	-11.36%
MTPF- Debt	60.09	61.70	2.68%
MTPF- Money Market	54.88	56.02	2.08%

## FUND REVIEW

As of July 31, 2008, total size of Meezan Tahaffuz Pension Fund (MTPF) reached PKR 176mn.

The annualized year-to-date return on Debt and Money Market sub funds was 10.39% and 10.23% respectively. However, a 12.75% negative return was posted in MTPF Equity sub fund primarily due to weak market sentiments.

**MUHAMMAD ASAD**  
CHIEF INVESTMENT OFFICER