



MKT/FMR/038/08

December 03, 2008

**Dear Investor,**

Al Meezan Investments is pleased to get a positive response from its investors for the recently launched monthly profit payment plan, **Meezan Mahana Kharch Account (MMKA)**. Unlike similar products offered by banks, MMKA does not require investors to lock in their money over extended period of many years. Instead investors are free to encash their investments at any time without any penalty, while enjoying the benefits of direct credit of monthly profit to their designated bank accounts.

Al Meezan Investments and Pak-Qatar Family Takaful Ltd have also signed an agreement that will provide investors of Meezan Mahana Kharch Account with Shariah-Compliant Free of cost Takaful Coverage of up to Rs. 1 million. MMKA is the first income plan of its kind which is providing Natural Death coverage besides Accidental Death, Permanent Total Disability and Medical coverage in case of Accident.

The return of MIIF has now increased to 13.68%\* for the month November as compared to 12.7% for the month of October, 2008. This shows the improved performance of the fund in terms of returns.

	<b>Annualized Return</b>
Month of November 2008	13.68%*
Month of October 2008	12.70%
Year to date (July 1- November 30, 2008)	11.41%*

\*Due to the recent directive of SECP, the downward revaluation of sukuks' portfolio held by MIIF has resulted in a 7.4% decline in NAV. This one time impact of the directive has been excluded from the calculation of returns.

We would like to inform our investors that a sizeable portion of the fund portfolio of MIIF (61%) is invested in cash, cash equivalents and term deposits with Islamic banks. The rest of the investment portfolio (around 39%) comprises of good quality Islamic income instruments (sukuks).

It would be pertinent to add that the yield on MIIF for the month of December is likely to stay above 14%. From the perspective of an investor who would like to increase his investment in the fund, this offers a very attractive tax-free yield on investment.

In order to reach all the prospective investors and to provide them the benefits of Shariah compliant investment solutions, we participate in various marketing activities. "All About Life Style" is a mega event organized by Dawn Group of Newspapers. This prestigious exhibition will commence in Karachi at Expo Centre from December 19, 2008 to December 21, 2008. The investors living in Karachi are invited to visit our stall along with their family members and friends.

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.

Regards,

**Muhammad Shoab, CFA**  
**Chief Executive Officer**



## AL Meezan Investment Management Limited

November, 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 Rs. 13.5bn as on November 30, 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.

### STOCK MARKET REVIEW

During the month, there was practically no activity in the ready market at Karachi Stock Exchange with the average daily volume going as low as 0.13mn shares as compared to 0.74 mn shares in October 2008. However, the month saw significant volumes at a discount of 15-20% in off-market transactions, because of imposition of floor.

The issue relating to the removal of floor could not be resolved as the complete commitments to the Rs. 20bn Opportunity Fund were not made.

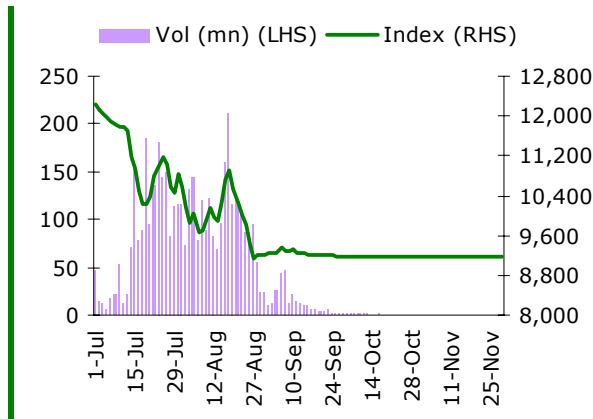
On the macroeconomic front, the country has formally approached IMF for its Stand-By Arrangement of US \$7.6bn which has been approved by the IMF Board. The first tranche of US \$3.1 bn has been credited at State Bank's account in New York. With IMF's endorsement, World Bank and Asian Development Bank have also agreed to provide US \$500mn and US \$450mn respectively for budgetary support. This will help to build up the declining forex reserves which declined to US \$6.6bn during the month.

### MONEY MARKET REVIEW

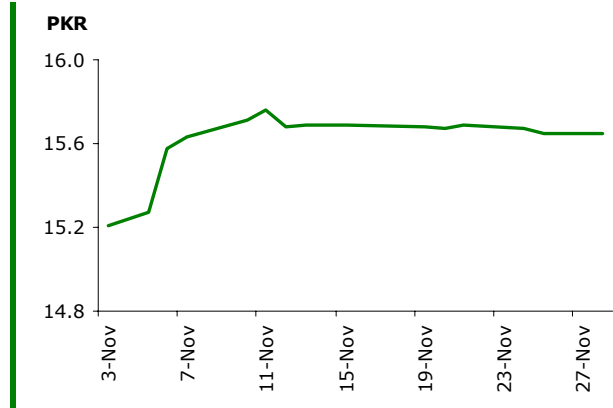
During the month, the central bank further tightened monetary policy by increasing the policy rate by 200 bps in the wake of added inflationary pressure. The interbank rates initially remained firm, however, subsequent steps taken by the central bank namely a 1% further reduction in CRR (for deposits of less than 1-year) in November to 5%, and reducing minimum Capital Adequacy Ratio to 9% from 10% by the end of December 2008, provided the market ample liquidity in call as well as money market. As a result, call rates and KIBOR showed the declining trend with the benchmark rate (6-month KIBOR), which peaked at 15.76%, during the month closed at 15.67%.

During the month, the SBP conducted two T-bill auctions and managed to mop up Rs. 155bn increasing the cut-off yield on 3-month paper by 129bps to 13.85%. The investors showed no appetite for longer terms papers due to interest rate uncertainty. With the US\$7.6bn of IMF loan approval, rupee inched up near the end of the month closing at Rs. 78.85/US\$, gaining 3.4% MoM against US\$.

### Fiscal Year-to-date 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)



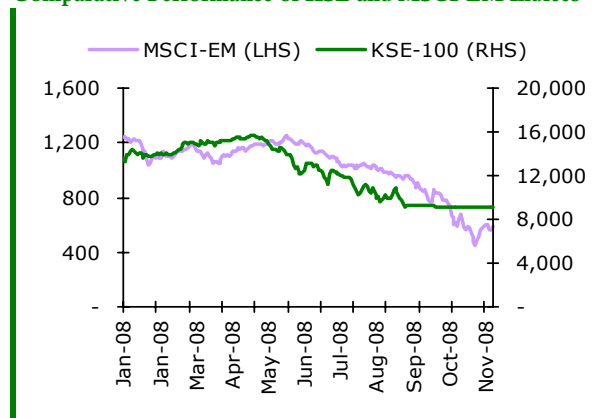
*Pakistan's First Shariah-compliant Open-End Equity Fund*

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

Performance	
Year - to - date (FY)	Oct 6 <sup>th</sup> '08
Return on MIF	-26.7%
Return on KSE-100 index	-25.3%
Return on DJIMPK	-28.4%
Cumulative return since inception	
Return on MIF	113%
Return on KSE-100 index *	118%

\*Since DJIMPK was launched in July'04, MIF is compared to KSE-100 index.

## Comparative Performance of KSE and MSCI-EM Indices



Regional Markets	YTD*	MoM
<b>US Markets</b>		
USA	-33%	-8.4%
<b>American Markets</b>		
Argentina	-54%	-10.7%
Brazil	-43%	-1.8%
<b>Asia/Pacific</b>		
Singapore	-50%	-3.4%
China	-64%	8.2%
Hong Kong	-50%	-0.6%
India	-55%	-7.1%
Indonesia	-55%	-1.2%
Japan	-44%	-0.8%
South Korea	-43%	-3.3%
Taiwan	-48%	-8.4%
Malaysia	-40%	0.3%
Australia	-43%	-7.8%
Pakistan**	-35%	0.05%
<b>European Markets</b>		
UK	-34%	-2.0%
Germany	-42%	-6.4%
France	-42%	-6.4%
<b>Middle East/ Africa</b>		
UAE	-67%	-32.7%
Saudi Arabia	-57%	-14.4%

\* YoY (CY08)

\*\* Price floor was enforced on Aug 27, '08

## WORLD MARKETS' REVIEW

The world markets which witnessed major financial downturn in previous two months, initially triggered by subprime mortgage debts and later on increasing recession fears, extended their fall in the month of November 2008. Near month end, some recovery was triggered by central banks cutting key interest rates and injecting liquidity in the markets. Major equity indices around the globe registered a decline of 6%-15% during the month of November. UAE leads the year-to-date fall with a decline of 67%, followed by China, Saudi Arabia, Indonesia, India, Hong Kong and Singapore with an average decline of over 50%.

However, in Pakistan the activity remained on the lower side due to flooring of the scrip prices at August 27, 2008 level and hence the impact of the global fall has not been felt on the KSE 100 Index. However, the management of KSE is considering various options to support the market before removing the price floors which will help improve activity. KSE 100 Index is trading at a PE multiple of 6.5 and a dividend yield of over 10%, the market is still at a discount of 25 to 30% compared to regional markets.

# MEEZAN ISLAMIC INCOME FUND (MIIF)

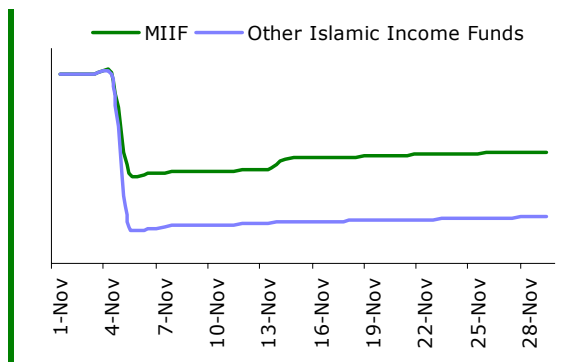


Pakistan's First Shariah-compliant Open-End Income Fund

## 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	63 days
Fund Stability Rating	A(f)

## MIIF PERFORMANCE – NOVEMBER '08



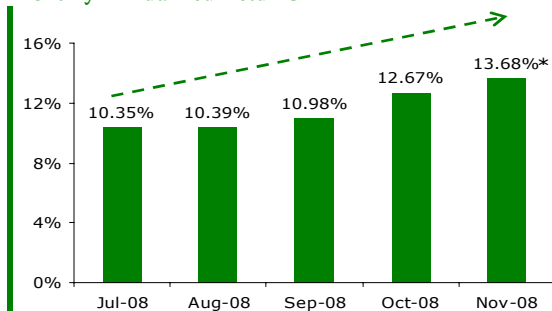
## Fund Assets:

	Oct '08	Nov '08	MoM %
Net assets (Rs mn)	5,009	4,258	-14.98%
NAV per unit (Rs)	50.52	47.65	-5.68%

## Performance

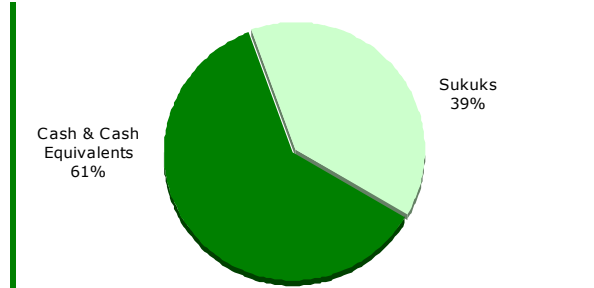
Month on Month	Oct '08	Nov '08
Return on MIIF	1.02%	1.06%*
Return on MIIF (annualized)	12.70%	13.68%*
Year – to – date (FY)	Oct '08	Nov '08
Return on MIIF	3.58%	5.56%*
Return on MIIF (annualized)	11.01%	11.41%*
Cumulative return since inception (annualized)	Oct '08	Nov '08
Return on MIIF	9.80%	10.39%*

## Monthly Annualized Returns

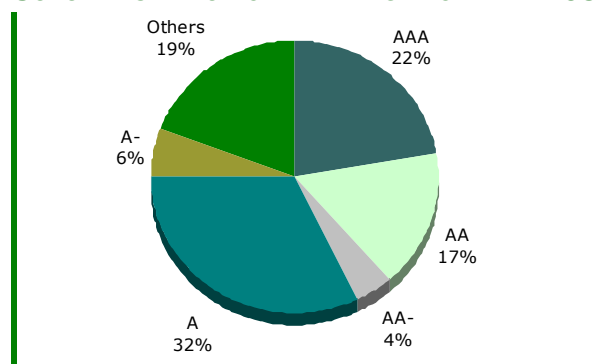


\*One time impact of SECP directive is excluded

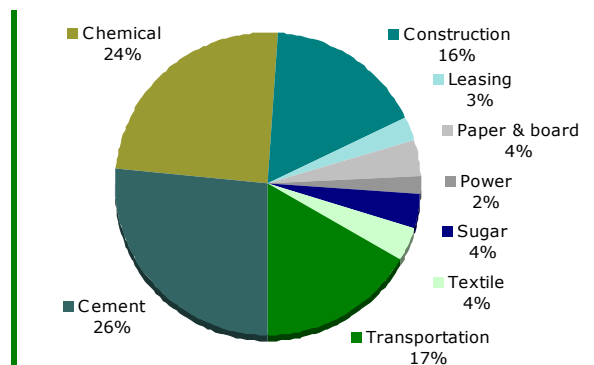
## MIIF Assets Distribution – NOVEMBER '08



## SUKUK DISTRIBUTION - RATING - NOVEMBER '08



## SUKUK DISTRIBUTION- SECTOR – NOVEMBER '08



## 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 return of the Meezan Islamic Income Fund (MIIF) has increased to 13.68% for the month of November 2008 as compared to 12.70% in the month of October 2008, with net assets of the fund at over Rs. 4.25bn. Due to a rising interest rate environment, the return on your fund is expected to improve further in December.

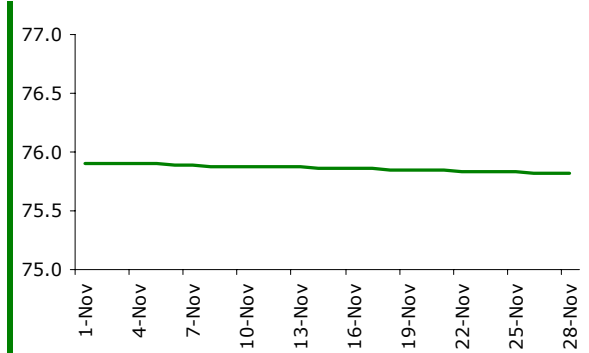
# MEEZAN TAHAFFUZ PENSION FUND (MTPF)

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

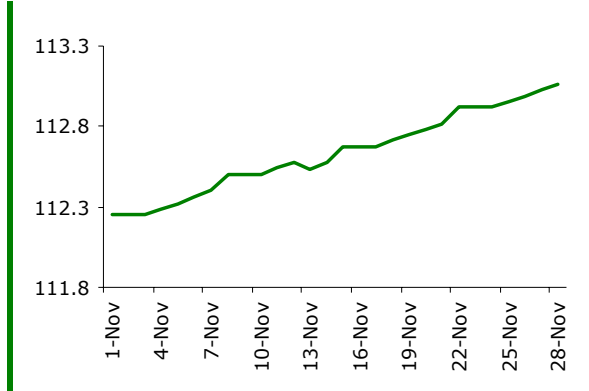
## Fund Statistics:

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

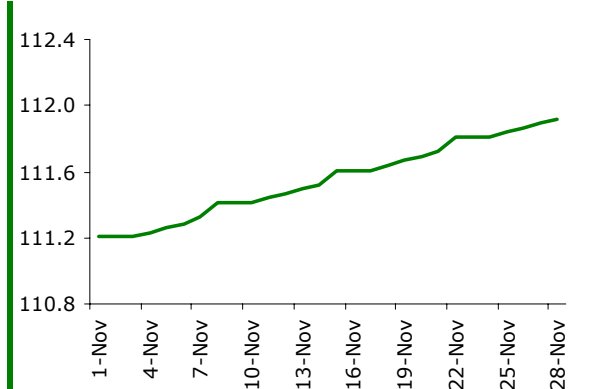
## MTPF Equity Sub Fund November 2008



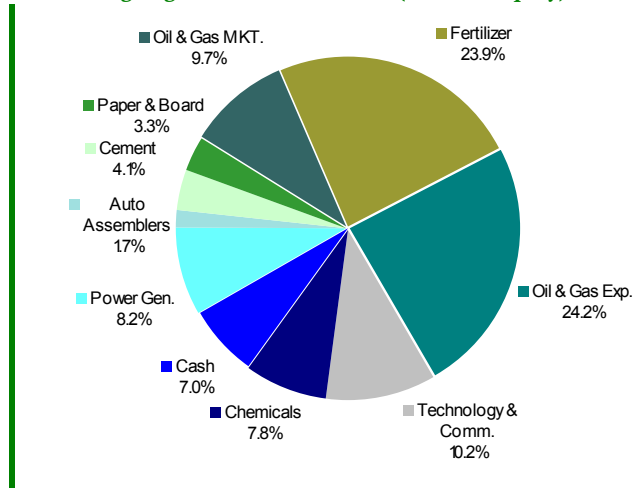
## MTPF Debt Sub Fund November 2008



## MTPF Money Market Sub Fund November 2008



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



## Performance

	MoM	YTD	Since Inception
MTPF- Equity	-0.12%	-26.63%	-24.34%
MTPF- Debt*	11.34%	10.32%	8.86%
MTPF- Money Market*	9.82%	9.15%	8.08%

\* at annualized rates

## Fund Assets:

Rs. Millions	Oct'08	Nov'08	MoM %
MTPF- Equity	49.58	49.52	-0.12%
MTPF- Debt	63.33	63.85	0.83%
MTPF- Money Market	57.20	57.61	0.72%

## FUND REVIEW

As at November 30 2008, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 171mn.

The MoM returns on Debt and Money Market sub funds were 11.34% and 9.82% respectively. However, due to weak sentiments in the equity market, the equity sub-fund yielded a negative return of 0.12%.

**MUHAMMAD ASAD**  
CHIEF INVESTMENT OFFICER