



MKT/FMR/037/08

October 06, 2008

Dear Investor,

Eid Mubarak to you and your family! May Almighty Allah accepts your prayers, bestows his blessings and fills your life with prosperity, success, happiness and peace.

I would like to inform you that due to the recent hike in interest rate in the economy, you may have seen improvement in the rate of returns on income funds. The return on **Meezan Islamic Income Fund (MIIF)** is also increasing in tandem with the rising interest rate scenario in the country. MIIF, the first ever and the largest Islamic Income fund, has been able to provide you an annualized return of 10.98% in the month of September 2008. This improved performance in returns can be gauged from the returns for the month of September 2008 over August 2008 as presented in the table below. These returns are likely to improve further in the months ahead due to the composition of the fund and higher interest rate in the economy, providing investors with high Shariah compliant returns in times of increasing inflation.

The table below shows the returns of Meezan Islamic Income Fund:

	Annualized Return
Month of September 2008	10.98%
Month of August 2008	10.39%
Year to date (July 1- September 30, 2008)	10.45%

With a strong portfolio, Fund Stability Rating of A(f), high quality of management (AM2 rating of Al Meezan Investment Management) and strong counter party relationships, we are well poised to fully benefit from the current interest rate environment in the country.

In addition to providing **Halal** Returns, MIIF offers other benefits to its investors;

- No Lock-in period: Investors can withdraw investment anytime you want.
- Tax Free: Returns on investments are tax free.
- Tax Rebate: You can benefit from tax credit of upto Rs. 60,000 in case of salaried person or upto Rs. 75,000/- in case of self employed under applicable tax laws, if investment is held for a period of one year.
- Monthly Profit Payment Options (launching shortly): The options will offer investors to get their profits monthly.

At the close of first quarter ended September 30, 2008, Al Meezan Investments has announced an interim dividend of Rs. 1.27 per unit for MIIF. This declaration is in the form of Bonus Units to the Growth Unit holders and Cash Dividend to the Income Unit holders.

We, at Al Meezan Investments would continue with our endeavors to provide our investors with best value for their money and convenience in liquidity as investments in mutual funds are not time bound.

Regards,

Muhammad Shoaib, CFA
Chief Executive



AL Meezan Investment Management Limited

September, 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 15bn as on September 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.

We are pleased to announce that KSE and Al-Meezan Investments launched the first co-branded Islamic Index "KSE-Meezan Index (KMI)" on the first of Ramadan. The index comprises of thirty companies which qualify KMI Shariah screening criteria and will be weighted by float adjusted market capitalization subject to a 12% cap on weights of individual securities.

STOCK MARKET REVIEW

The activity during the month of September had been extremely slow due to flooring of the scrip prices at Aug 27, levels which restricted the monthly decline in the KSE-100 Index to 29 points (0.32%). The average daily volumes decreased to 13 mn shares as compared to 103 mn for the month of August.

The world markets witnessed major financial downturn, triggered by sub-prime mortgage debts, which has been termed by IMF as the worst crisis since the Great Depression. Although Pakistan remained largely isolated from the effects of this global crisis, the country's own weakening economic parameters namely widening current account deficit, declining foreign exchange reserves to US\$ 8.1mn and unprecedented inflation reduced the foreign investors' confidence. As a result, the market saw net outflow of portfolio investment of US\$ 6.3mn in September.

Currently, the management of KSE is considering various options to support the market before removing the price floors which will help improve the volumes.

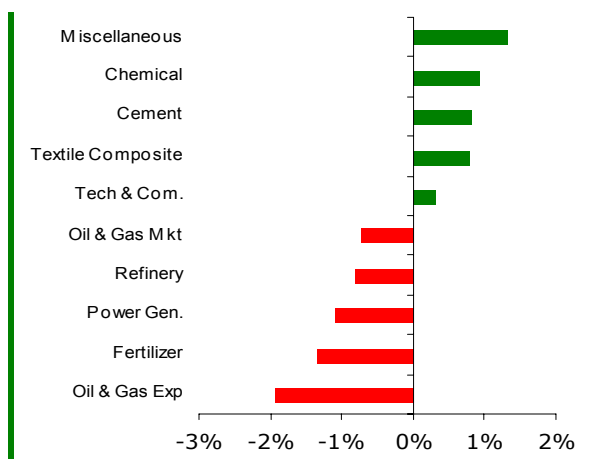
MONEY MARKET REVIEW

During the month, the interbank market, due to monetary contraction, remained tight. The interbank rates initially remained stable, however, squeezing of liquidity near the end of the month pushed up KIBOR to record high levels. At the close of the month, 6-month KIBOR stood at 14.52%, up 76bps from its previous month's close of 13.76%.

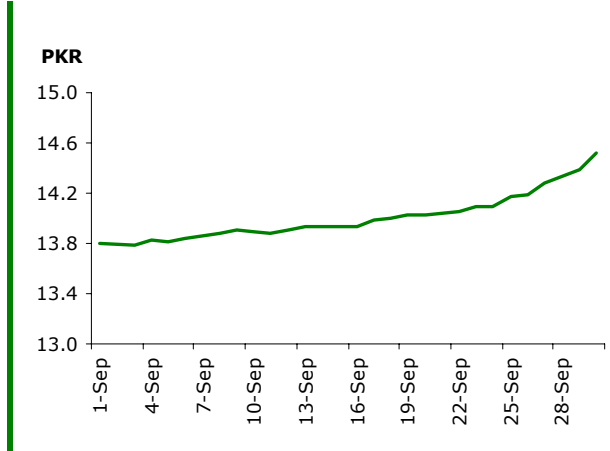
During the month of September, two T-Bill auctions were conducted by SBP, mopping up a cumulative of PKR 50bn. For the first time in FY09, SBP managed to sell the 6-month paper, raising its cut-off yield to 12.68%, up 121 bps from its previous auction in June '08. To promote Islamic Mode of financing, SBP sold maiden Ijara Sukyik worth PKR 6.52bn. The issue carried a coupon on 13.13% with a maturity of 3 years.

Rupee remained under pressure for yet another month. In the interbank market, Pak-rupee lost 2.2% against the greenback, closing the month at PKR 78.25 to a dollar.

Monthly Sector Out/(Under) Performance



6 Month KIBOR



Disclaimer

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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

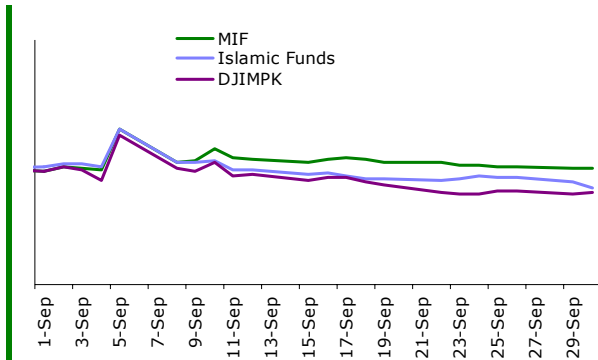
Risk Measures

Beta	1.38
Correlation	0.90
Standard Deviation	0.52%
Semi Variance	0.001%
Information Ratio	0.33
Sharp Ratio	-0.059

Fund Assets:

	Aug '08	Sep '08	MoM %
Net Assets (mn)	4,545	4,320	-4.94%
NAV Per Unit	36.72	36.72	-0.02%
KSE-100 Index	9,208	9,180	-0.31%
DJIMPK	13,182	13,041	-1.08%

RELATIVE PERFORMANCE – SEPTEMBER '08



Performance

Month on Month	Aug '08	Sep '08
Return on MIF	-14.53%	-0.02%
Return on KSE-100 index	-12.99%	-0.31%
Return on DJIMPK	-10.04%	-1.08%

Year - to - date (FY)

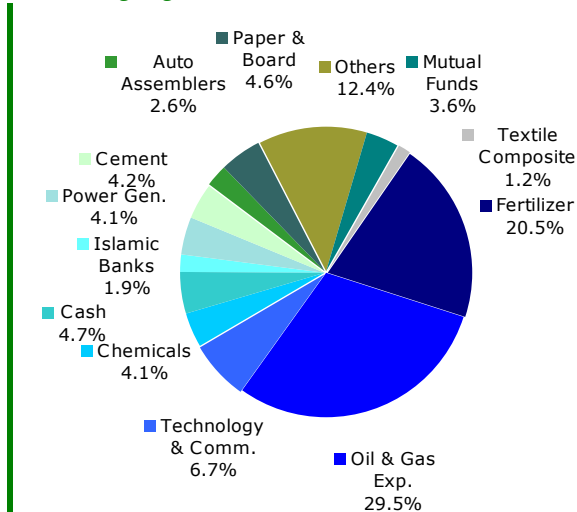
Return on MIF	-26.63%	-26.64%
Return on KSE-100 index	-25.07%	-25.17%
Return on DJIMPK	-27.16%	-27.94%

Cumulative return since inception

Return on MIF	113%	113%
Return on KSE-100 index *	119%	118%

*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 4.94% on a MoM basis to PKR 4.32bn. The month's closing NAV was PKR 36.72 per unit, posting a marginal decline of 0.02%. During the month, KSE-100 index and DJIMPK decreased by 0.31% and 1.08% respectively, outperforming the benchmark by 1.1%. As at September 30, 2008, the fund was 95% invested in equities.

Going forward, we expect price floors will be removed which will result in improved activity at the local bourse. Further, the stabilization of market trend will be determined by inflows from the local and foreign investors. The market is trading at a PE multiple of 6.5 and a dividend yield of over 8%. With political stability returning post presidential elections, the market is poised for a re-rating.

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	1.28 Months
Fund Rating	A(f)

Fund Assets:

	Aug '08	Sep '08	MoM %
Net assets (PKRmn)	5,408	5,295	-2.09%
NAV per unit (PKR)*	50.85	51.28	0.86%

* ex-dividend price

Performance

Month on Month	Aug '08	Sep '08
Return on MIIF	0.82%	0.86%
Return on MIIF (annualized)	10.39%	10.98%

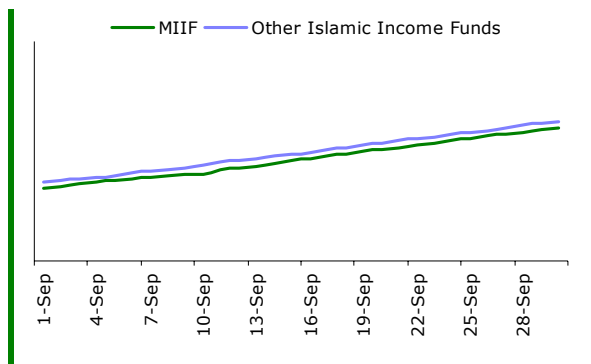
Year - to - date (FY)

Return on MIIF	1.67%	2.54%
Return on MIIF (annualized)	10.37%	10.45%

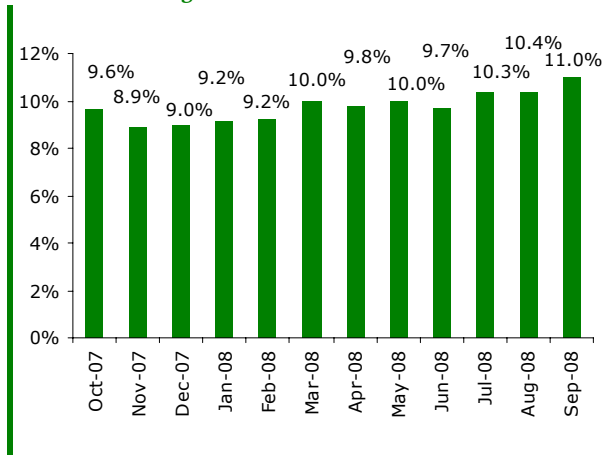
Cumulative return since inception (annualized)

Return on MIIF	9.59%	10.17%
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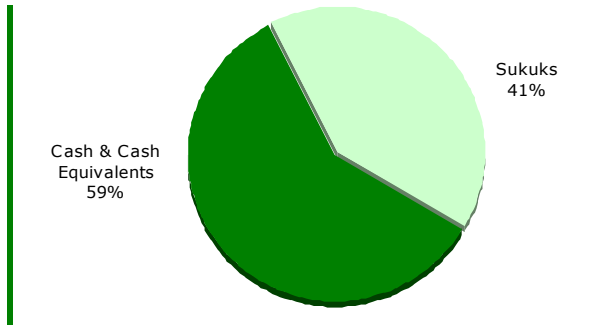
MIIF PERFORMANCE – SEPTEMBER '08



12 Month Trailing Annualized Returns



MIIF Assets Distribution



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 10.98% to its unit holders, with net assets of the fund valuing at PKR 5.3 billion. Since inception, the fund has provided an annualized return of 10.17%. Due to the recent hike in interest rates in the economy, the returns on income instruments are increasing. MIIF's return is also moving in tandem with the changing interest rate scenario in the country, and its performance has improved as can be seen from the returns in the month of September '08 over August '08.

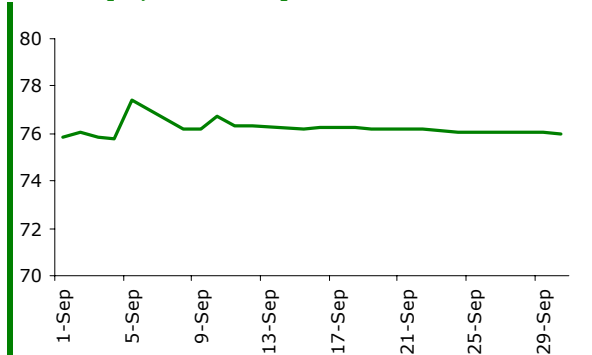
MEEZAN TAHAFFUZ PENSION FUND (MTPF)

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

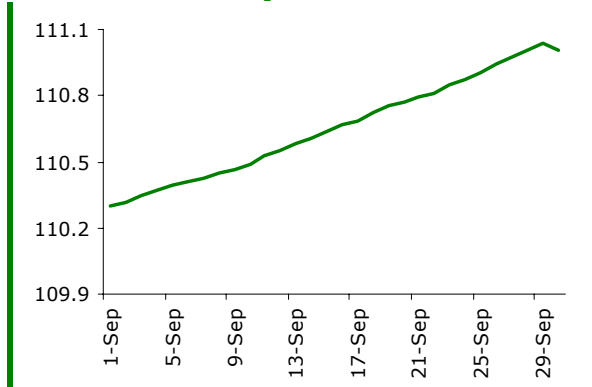
Fund Statistics:

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)

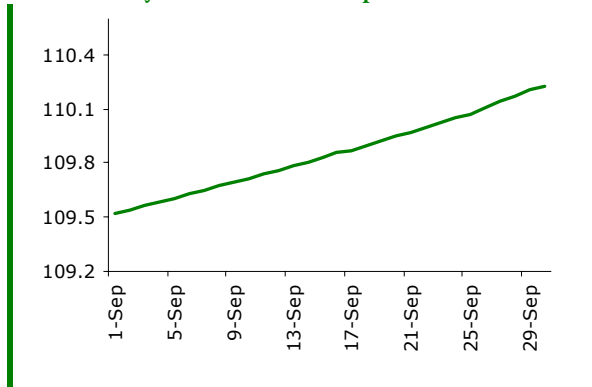
MTPF Equity Sub Fund September 2008



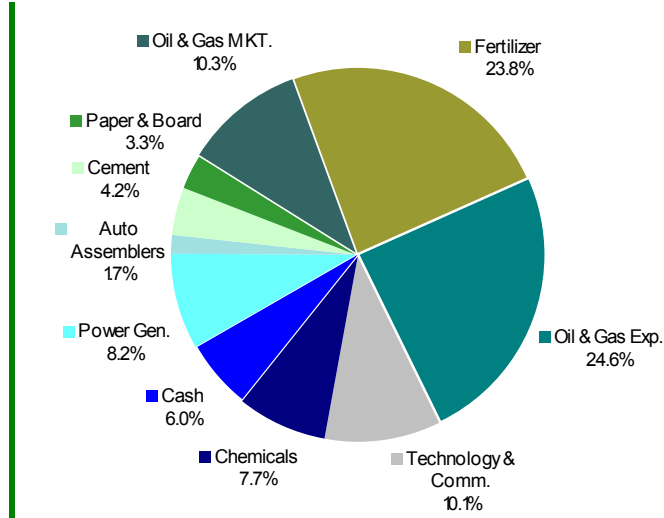
MTPF Debt Sub Fund September 2008



MTPF Money Market Sub Fund September 2008



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



Performance

	MoM	YTD	Since Inception
MTPF- Equity	0.06%	-26.44%	-24.14%
MTPF- Debt*	8.26%	9.25%	8.46%
MTPF- Money Market*	8.39%	8.67%	7.85%

* at annualized rates


Fund Assets:

PKR Millions	Aug'08	Sep'08	MoM %
MTPF- Equity	49.48	49.64	0.32%
MTPF- Debt	62.20	62.69	0.79%
MTPF- Money Market	56.35	56.74	0.70%

FUND REVIEW

As of September 30, 2008, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at PKR 169mn.

The MoM returns on Debt and Money Market sub funds were 8.26% and 8.39% respectively. However, due to weak sentiments in the equity market, the equity sub-fund yielded a MoM return of 0.06%.


MUHAMMAD ASAD
CHIEF INVESTMENT OFFICER