



MKT/FMR/06/10

January 05, 2010

Dear Investor,

Al Meezan is pleased to announce distribution of interim dividends at the close of half year ended December 31, 2009 for Meezan Islamic Income Fund (MIIF) @ Rs. 0.50 per unit and Meezan Cash Fund (MCF) @ Rs. 1.75 per unit. The payouts for MIIF and MCF are in the form of Bonus Units to the Growth Unit holders and Cash Dividend to the Income Unit holders. A Growth Unit holder having 100 units of MIIF as at December 31, 2009 got 0.9934 additional units at the ex-div NAV of Rs. 50.33, while an Income unit holder got Cash Dividend of Rs. 0.50 per unit. A Growth Unit holder having 100 units of MCF as at December 31, 2009 got 3.4496 additional units at the ex-div NAV of Rs. 50.73, while an Income unit holder got Cash Dividend of Rs. 1.75 per unit.

The calendar year 2008 had been tough for the investors on account of difficult conditions that had prevailed in the capital markets of the country as well as financial crunch across the globe. However, we have witnessed a substantial recovery in the market in terms of volumes and prices during the year ended December 31, 2009. Last year, I advised our valued investors through an article for the adoptable strategies of investments during the good and bad times. Ultimately those investors who followed the advice and held a diversified portfolio along-with long term investment approach while holding their nerves, immensely benefited from revival of market. Meezan Islamic Fund (MIF), the largest equity fund in the private sector, displayed a stable performance and posted a hefty return of 107.39% in the calendar year 2009, as compared to 60.05% appreciation in KSE-100 index and 105.18% in KMI 30 Index. Similarly, for the calendar year 2009 Meezan Islamic Income Fund (MIIF), the largest Shariah compliant Income Fund has provided a total return of 15.58% to investors including dividend payments of Rs. 4.5 per unit.

	CY 2009 Return
Meezan Islamic Fund (MIF)	107.39%
Meezan Islamic Income Fund (MIIF) (Annualized)	15.58%
Meezan Cash Fund (MCF) (Annualized)	9.83%*

*Return of the fund since inception in June 2009.

I am pleased to announce the launch of Pakistan's First Shariah Compliant Sovereign Fund namely **Meezan Sovereign Fund (MSF)**. It aims at providing competitive returns to the investors along-with maximum capital preservation by investing in Shariah compliant portfolio of government securities thus lowering the risk while offering high level of liquidity. We look forward to the positive response from our valued investors during the launch period of this new fund expected in January 2010.

At the close of calendar year 2009, the net assets under management of Al Meezan stood at Rs. 16.2 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. A note on KSE's performance & its valuations along-with Fund Managers' Report for the month of December 2009 are enclosed for your review and record.

Yours truly,

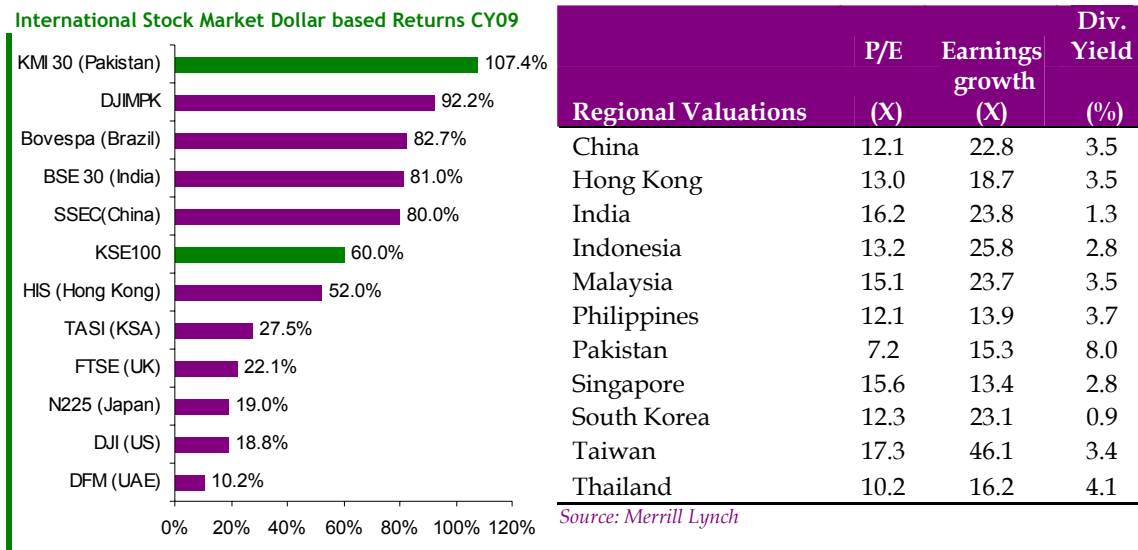
Mohammad Shoaib, CFA
Chief Executive

KARACHI STOCK MARKET - ONE OF THE BEST PERFORMING MARKET

After posting dismal returns last year CY08, KSE-100 marked a solid 60% YoY return during CY09. This was market's finest performance since 2003, and remained one of the best performers in the world. Further, Islamic Index i.e. KMI-30 appreciated by 107% because of limited exposure in the turbulent financial sector. Effective IMF led structural reforms, the resolution of number of political issues and improving economic numbers were the key drivers behind market recovery.

MARKET STILL TRADING AT ATTRACTIVE VALUATIONS

Before the steep downturn, our market was operating in the band of 7 to 11 PE ratio with an average of about 8 and a discount of 35 to 40% against regional stock markets. After the downturn PEs had fallen to less than 4 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 last one year, the market is now currently trading at a PE of about 7, a discount of 47%. Another important indicator is the dividend yield which is hovering around 8%, and is still better than any comparable markets in the region and in particular declining interest rate environment.



We can safely conclude that the declining trend in interest rates, improvement in macroeconomic indicators, declining attractiveness to international commodity and real estate market will continue to bring booster to the stock market. We expect the positive sentiments to continue.



AL Meezan Investment Management Limited

December, 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 seven mutual funds; namely Al Meezan Mutual Fund, Meezan Balanced Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund – I and Meezan Cash Fund. AMIM launched its seventh mutual fund, Meezan Cash Fund (MCF), which is the first Shariah compliant money market fund, in June 2009.

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. 16.24 billion as on December 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 December, KSE-100 increased by 180 points (1.96%) to close at 9,387. Average daily volume continued to decline to 118 million shares as compared to 127 million shares in November.

Initially, the activity remained dull due to political news flow relating to National Reconciliation Ordinance (NRO), apprehensions of Dubai crisis to impact Pakistani banks and poor law and order situation in the country. On the economic front, CPI for November at 10.51% and remittances of US\$ 3.8 billion for 5MFY09 (up 29% YoY) were in line with the market expectations. The much awaited Supreme Court decision on the infamous NRO came on November 16 where the SC ruled the ordinance to be unconstitutional. The investors continued to remain sidelined from the market and concentrated mainly on second & third tiered scrips. Banking sector was in the limelight on account of news about unlocking of NIT LOC units holding of NBP, FABL, BOP and BOK.

Towards the end, some excitement was created in the market with the approval of IMF fourth tranche of US\$ 1.2 billion. Foreigners remained positive on the market and were net buyers of US\$ 4.2 million in December, bringing the total for 2009 to US\$ 34 million.

MONEY MARKET REVIEW

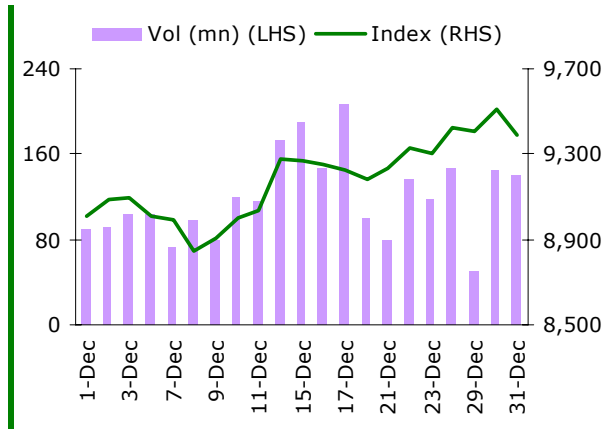
After the central bank announcement to reduce policy rate by 50 bps in November, overnight call and repo rates were relatively volatile, ranging between 10.5 - 12.5%. However, the six-month KIBOR remained firm, increasing by a nominal 2bps to 12.43%.

During December, central bank conducted three T-bill auctions and accepted a total of Rs. 54 billion worth of bids against a cumulative target of Rs. 50 billion. Cut-off rate for six month treasury paper declined by 23bps to 12.10%. SBP has announced PIB auction target of Rs 30 billion for the second half of the current fiscal year.

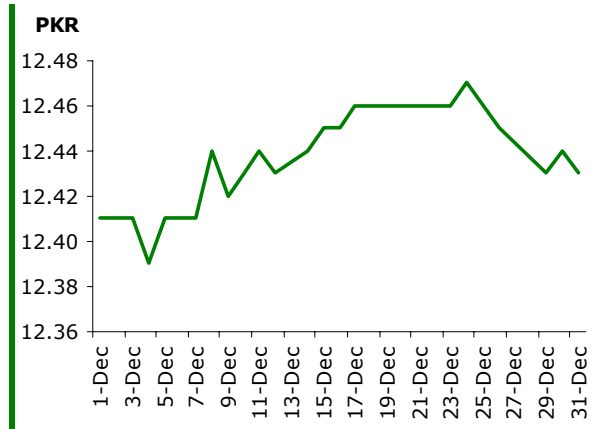
On the foreign exchange front, transfer of oil price payments to the inter bank market brought volatility in the forex market with Rupee crossing Rs. 84 against the greenback. Month-on-month, Rupee depreciated by 0.82% against US\$ and closed at Rs. 84.25 to a dollar. The rupee lost 6% in the calendar year 2009 against the dollar.

Going forward, we expect interest rates to move in a narrow range.

KSE-100 Index Performance



6 Month KIBOR



Disclaimer

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MEEZAN ISLAMIC FUND (MIF)



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

INVESTMENT OBJECTIVE

The objective of MIF is to maximize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and earning of dividend income.

Fund Statistics:

Fund Type:	Equity
Launch Date	8th August 2003
Trustee	Central Depository Company
Auditors	A.F. Ferguson & Co.
Registrar	Meezan Bank Ltd
Management Fee	2%
Front End Load	2%
Benchmark	KMI-30
Listing	Karachi Stock Exchange
Fund Rating	3 Star (Long term – JCR-VIS)
Pricing Mechanism	Forward
Valuation Days	Mon-Fri (except public holidays)
Subscription/Redemption Days	Mon-Fri 9am – 3pm
Fund Manager	Muhammad Asad
Members of Investment Committee	Mohammad Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

Fund Assets:

	Nov '09	Dec '09	MoM %
Net Assets (mn)	4,327	4,347	0.46%
NAV Per Unit	45.67	46.23	1.23%

Performance

Month on Month	Nov '09	Dec '09
Return on MIF	1.73%	1.23%
Return on KSE-100 index	0.51%	1.96%
Return on KMI-30 Index	1.44%	2.36%

Year – to – date (FY)	Nov '09	Dec '09
Return on MIF	29.45%	31.04%
Return on KSE-100 index	28.54%	31.06%
Return on KMI-30 Index	26.19%	29.17%

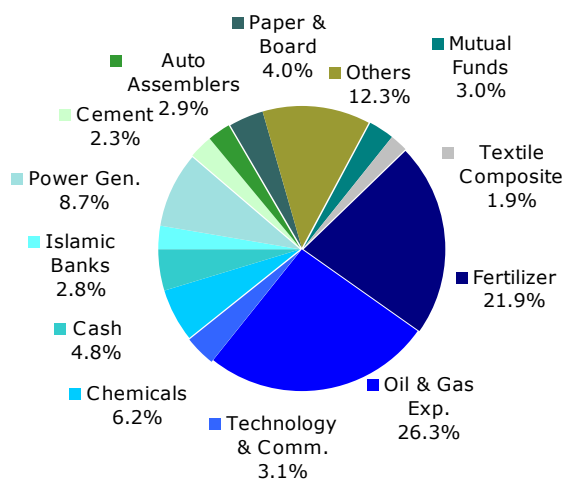
Cumulative return since inception	Nov '09	Dec '09
Return on MIF	165%	168%
Return on KSE-100 index *	119%	123%

*since KMI-30 was launched in September 2009, MIF is compared to KSE-100 index.

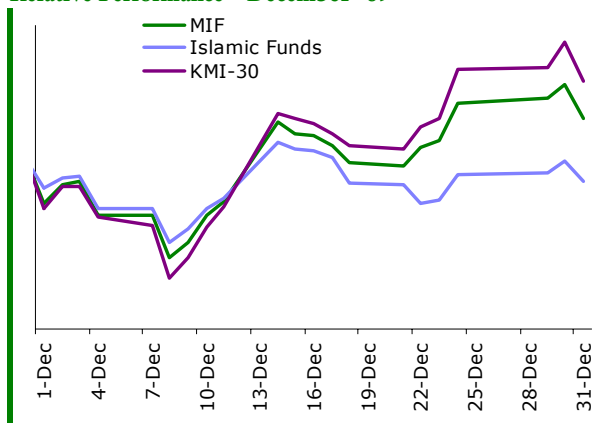
Top Ten Holdings (in alphabetical order)

Fauji Fertilizer Bin Qasim	Packages Limited
Fauji Fertilizer Co.	Pakistan Telecom
Hub Power Co. Ltd	Pakistan Oilfields
ICI Pakistan Limited	Pakistan Petroleum Ltd.
Oil & Gas Development Co.	Pakistan State Oil

Sector Weightage as a % of Net Assets



Relative Performance – December '09



FUND REVIEW

Net assets of Meezan Islamic Fund as at December 31, 2009 stood at Rs. 4.3 billion. The fund's NAV increased by 1.23% during the period under review against an appreciation of 2.3% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 2%.

Since the market is relatively attractive on multiples as compared to regional markets, we hold a positive stance on the future performance. As of December 31, the fund was 95% invested in equities.

MEEZAN ISLAMIC INCOME FUND (MIIF)

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

INVESTMENT OBJECTIVE

The Funds' primary objective is to provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.

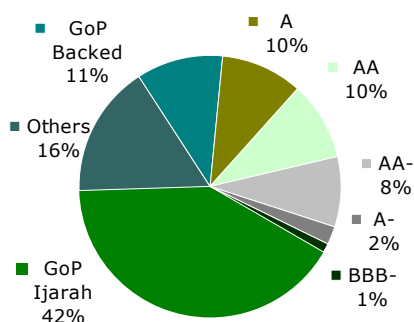
Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jan-07
Trustee	Central Depository Company
Registrar	Meezan Bank Ltd
Unit Types	A, B & C
Auditors	A.F. Ferguson & Co.
Portfolio Duration	69 days
Fund Stability Rating	A+ (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat (except public holidays)
Subscription/Redemption Days	Mon-Fri 9 am – 3 pm Sat 9 am – 12:30 pm
Fund Manager	Muhammad Asad
Members of Investment Committee	Mohammad Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

Top Ten Sukuk Holdings (in alphabetical order)

Century Paper & Board	GoP Ijarah Sukuks IV
DGKC Diminishing	KSEW - II
Eden Housing Limited	Maple Leaf Cement
Engro Chemical Pakistan	Shahmurad Sugar Mills
GoP Ijarah Sukuks III	Sitara Chemicals Ltd. III

Sukuk Distribution - Rating- December '09



FUND REVIEW

As the interest rates are declining, the fund has proactively maintained its duration while ensuring high quality of investments so as to maintain higher profits for our valued investors.

Meezan Islamic Income Fund (MIIF) posted a return of 15.6% during the calendar year 2009, with net assets of the fund at Rs. 4.1 billion at year-end.

Fund Assets:

	Nov '09	Dec '09	MoM %
Net assets (mn)	5,215	4,117	-21.06%
NAV per unit (Rs)	51.10	50.83	-0.54%

Performance

Month on Month	Nov '09	Dec '09
Return on MIIF	0.75%	-0.54%
Return on MIIF (annualized)	9.47%	-6.14%

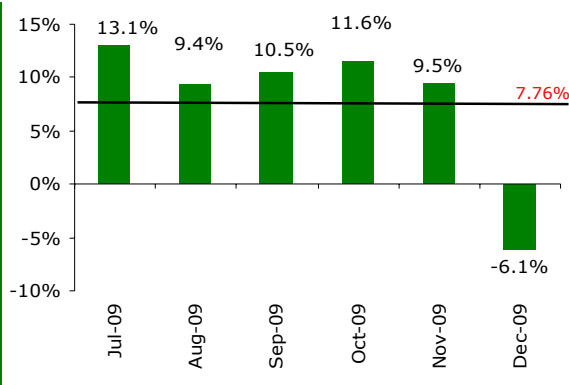
Year - to - date (FY)

Return on MIIF (annualized)	10.81%	7.76%
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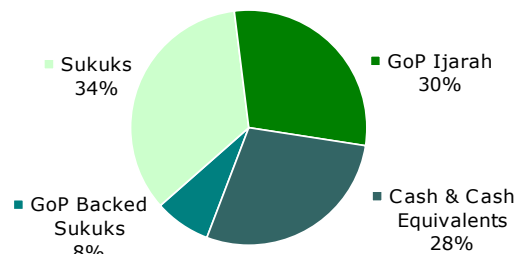
Cumulative return since inception (annualized)

Return on MIIF	9.92%	9.42%
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Monthly Annualized Returns - NAV based



MIIF Assets Distribution - December '09



MEEZAN CASH FUND (MCF)

Pakistan's First Shariah-compliant Money Market Fund

INVESTMENT OBJECTIVE

To seek maximum possible preservation capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jun-09
Trustee	Central Depository Company
Registrar	Meezan Bank Ltd
Unit Types	C
Auditors	A.F. Ferguson & Co.
AMC Rating	AM2 -
Fund Stability Rating	AA (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat (except public holidays)
Subscription/Redemption Days	Mon-Fri 9 am – 3 pm Sat 9 am – 12:30 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	Mohammad Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

Fund Assets:

	Nov '09	Dec '09	MoM %
Net assets (Rs mn)	2,707	3,276	21.04%
NAV per unit (Rs)	52.07	52.48	0.79%

Performance

Month on Month	Nov '09	Dec '09
Return on MCF	0.78%	0.79%
Return on MCF (annualized)	9.90%	9.66%
Year – to – date (FY)		
Return on MCF (annualized)	10.11%	10.03%
Cumulative return since inception		
Return on MCF (annualized)	9.87%	9.83%

Salient Features

Maximum Preservation of Principal Investment

High Liquidity (Redemption within Two working days)

Key Benefits Tax-free Returns

No Sales Load (No Entry or Exit charges)*

Tax Credit as per tax laws

Investments in High Grade & Liquid avenues:

Investment Policy and Strategy Instrument/Issuer Rating : **Minimum 'AA'**

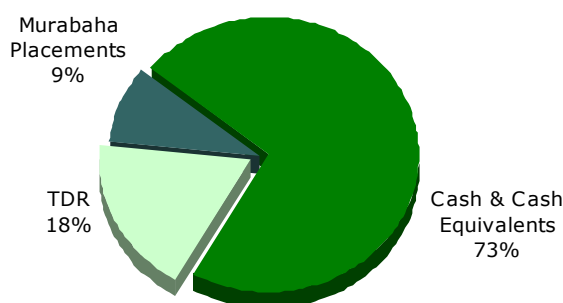
Maximum Maturity of Instruments : **Six Months**

Average Time to Maturity of Portfolio : **Three Months**

Benchmark Average Return on 3 month deposit with Islamic Banks

* Back End Load: 0.1% if redeemed within first 3 working days of Investment

MCF Assets Distribution – December '09



FUND REVIEW

Al Meezan Investments launched the first Shariah compliant money market fund – Meezan Cash Fund (MCF) in June '09. The fund provides our valued investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term, i.e. to a maximum maturity of six months. Moreover, to ensure security of investment, rating of instruments must at least be 'AA'.

As of December 31, 2009, net assets of the fund were Rs. 3.3 billion, showing a growth of over 21% month-on-month. For the month, MCF earned an annualized return of 9.7%.

MEEZAN TAHAFFUZ PENSION FUND (MTPF)

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

INVESTMENT OBJECTIVE

The purpose of launching Meezan Tahaffuz Pension Fund is to provide participants a Shariah compliant saving mechanism where they can save from their current income in order to gain benefits after retirement or disability or when the other income avenues are exhausted. MTPF will provide participants a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living so that they are not dependent on other members of the society.

Fund Statistics:

Fund Type	Open End
Risk Level	Minimal
Launch Date	28-Jun-07
Trustee	Central Depository Company
Registrar	Meezan Bank Ltd
Unit Types	A
Auditors	A.F. Ferguson & Co.
AMC Rating	AM2 -
Pricing Mechanism	Forward
Valuation Days	Mon-Fri (except public holidays)
Subscription/Redemption Days	Mon-Fri 9 am – 3 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	Mohammad Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

Fund Assets:

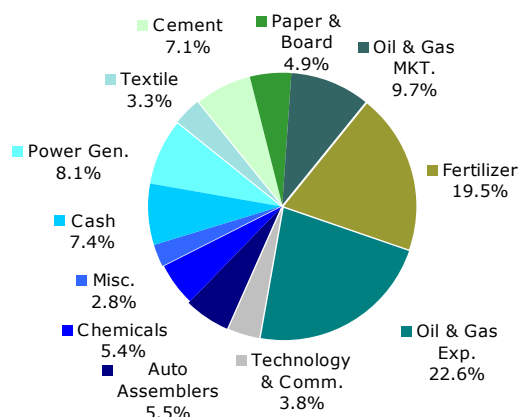
Rs (Mn)	Nov'09	Dec'09	MoM %
MTPF- Equity	81.63	83.60	2.41%
MTPF- Debt	74.45	74.41	-0.06%
MTPF- Money Market	63.92	64.42	0.78%

Performance

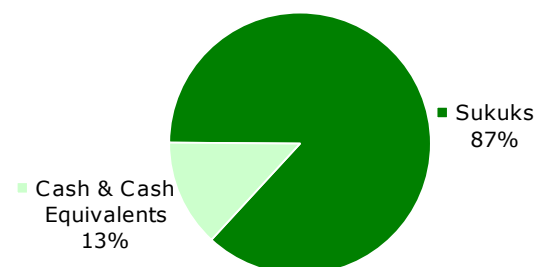
	MoM	FYTD	Since Inception
MTPF-Equity	1.20%	28.37%	-1.74%
MTPF-Debt*	-6.88%	6.90%	8.73%
MTPF-Money Market*	8.67%	7.26%	8.93%

* at annualized rate

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



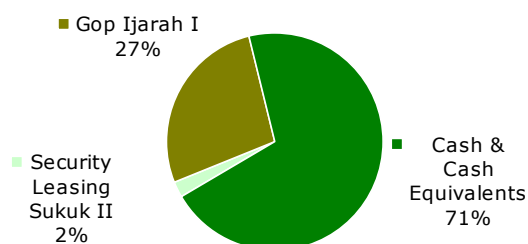
MTPF Debt Sub Fund December 2009



Sukuk Holdings – MTPF (Debt sub fund)

Dawood Hercules	KSEW - II
Eden Housing Limited	Maple Leaf Cement
GoP Ijarah Sukuks I	Security Leasing Sukuk II
GoP Ijarah Sukuks IV	Shahmurad Sugar Mills

MTPF Money Market Sub Fund December 2009



FUND REVIEW

As at December 31, 2009, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 222 million. The Debt sub fund posted a negative annualized return of 6.9% whereas the Money Market sub funds posted a return of 8.7%. Moreover, equity sub-fund appreciated by 1.2% MoM.

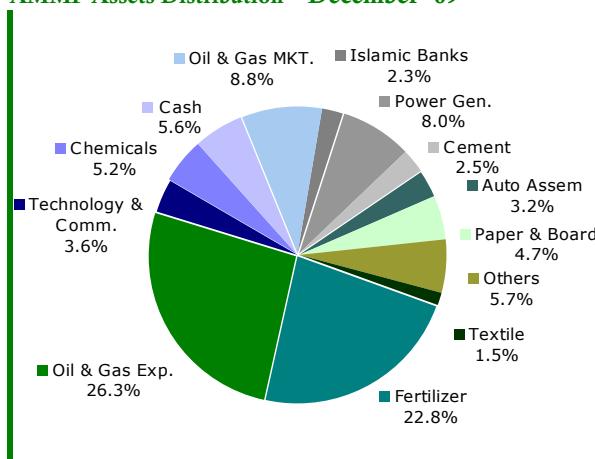
CLOSED END FUNDS

Pakistan's Only Shariah-compliant Closed-End Funds

AL MEEZAN MUTAL FUND

Performance		
Month on Month	Nov '09	Dec '09
Return on AMMF	1.65%	0.76%
Return on KSE-100 index	0.51%	1.96%
Return on KMI-30 Index	1.44%	2.36%
Year - to - date (FY)		
Return on AMMF	29.63%	30.58%
Return on KSE-100 index	28.54%	31.06%
Return on KMI-30 Index	26.19%	29.17%

AMMF Assets Distribution – December '09



Fund Assets:			
	Nov '09*	Dec '09	MoM %
Net assets (Rs mn)	1,386	1,396	0.76%
NAV per unit (Rs)	10.07	10.15	0.76%

* ex-dividend values (Re 1 per share)

INVESTMENT OBJECTIVE

The investment objective of AMMF is, to optimize the total investment returns through prudent investment management, which would consist of combination of capital appreciation and income.

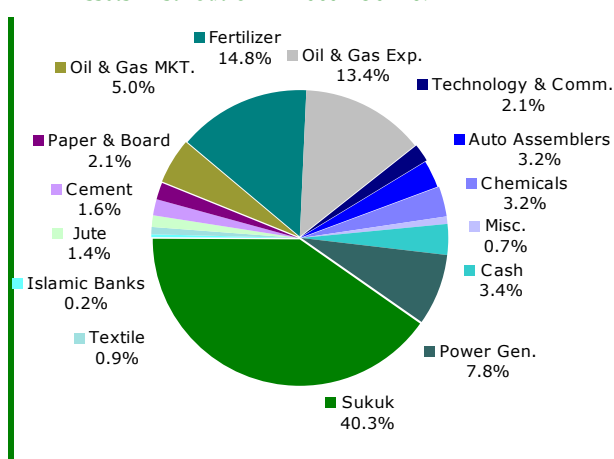
FUND REVIEW

Net assets of AL Meezan Mutual Fund (AMMF) as at December 31, 2009 stood at Rs. 1.4 billion. The fund's NAV appreciated by 0.76% during the period under review against a rise of 2.3% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 2%.

MEEZAN BALANCED FUND

Performance		
Month on Month	Nov '09	Dec '09
Return on MBF	1.17%	0.92%
Return on KSE-100 index	0.51%	1.96%
Return on KMI-30 Index	1.44%	2.36%
Year - to - date (FY)		
Return on MBF	18.07%	19.09%
Return on KSE-100 index	28.54%	31.06%
Return on KMI-30 Index	26.19%	29.17%

MBF Assets Distribution – December '09



Fund Assets:			
	Nov '09*	Dec '09	MoM %
Net assets (Rs mn)	1,229	1,240	0.92%
NAV per unit (Rs)	10.24	10.34	0.92%

* ex-dividend values (Re 1 per share)

INVESTMENT OBJECTIVE

The investment objective of Meezan Balanced Fund is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic Income Instruments such as TFCs, COIs, Certificates of Musharika, Islamic Sukuk, Ready-future hedges, and other such Shariah compliant instruments.

FUND REVIEW

Net assets of Meezan Balanced Fund (MBF) as at December 31, 2009 stood at Rs. 1.24 billion. The fund's NAV increased by 0.92% during the period under review.