



# Al Meezan Investment Management Limited

MKT/FRM/08/10

April 06, 2010

Dear Investor,

We are pleased to share with you that Meezan Cash Fund (MCF), the first Shariah compliant money market fund in Pakistan, has paid second interim dividend @ Rs. 1.50 per unit i.e., 3% of the par value of Rs. 50/- for the quarter ended March 31, 2010. The payout is 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 MCF as at March 31, 2010 got 2.9721 additional units at the ex-div NAV of Rs. 50.47, while an Income unit holder got Cash Dividend of Rs. 1.50 per unit. This payout is in addition to the first interim dividend of Rs. 1.75 per unit paid earlier, thus making the total payout of Rs. 3.25 per unit for the nine months. Since the beginning of FY 2010, the fund has provided an annualized return of 10.11% to its investors.

We are delighted to highlight that Meezan Islamic Fund (MIF) has achieved another milestone. As an investor in MIF, you have reaped return of **126%** (appreciation from Rs. 22.27 per unit as on January 01, 2009 to Rs. 50.29 per unit as on March 31, 2010) during the last 15 months. In the process, the NAV of MIF has reached its face value of Rs. 50 per unit after a period of 21 months when the Ex-Dividend NAV was Rs.50.05 per unit as at June 30, 2008. We would also like to add here that when KSE 100 index declined below 10,000 mark in first week of August 2008, NAV of Meezan Islamic Fund (MIF) was Rs. 41.20. Now when the index has reached 10,000 level again after 19 months, one would expect the NAV of MIF to be also back to Rs.41.20 but the NAV has reached Rs. 50.29, a clear out performance of 20% with respect to the KSE 100 index. Your patronage has also helped us in increasing fund size of MIF to about Rs. 4,400 million, and hence it continues to be the largest open end equity fund in the private sector.

At the end of March 2010, the net assets under management of Al Meezan stood at Rs. 18.2 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. Fund Managers' Report for the month of March 2010 is enclosed for your review and record.

Yours truly,

**Muhammad Anas Rehan**

AVP Marketing

# Al Meezan Investment Management Limited

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 eight 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, Meezan Cash Fund and Meezan Sovereign Fund. To cater to demands of its valued investors, Al Meezan launched Pakistan's first Shariah compliant Government securities fund – Meezan Sovereign Fund on February 10, 2010.

The total funds under management of Al Meezan, the only full fledged Shariah compliant asset management company in Pakistan, have reached Rs. 18.2 billion as on March 31, 2010. We are pleased to inform you that JCR-VIS recently upgraded management quality rating of Al Meezan to AM2 which denotes high management quality, as the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

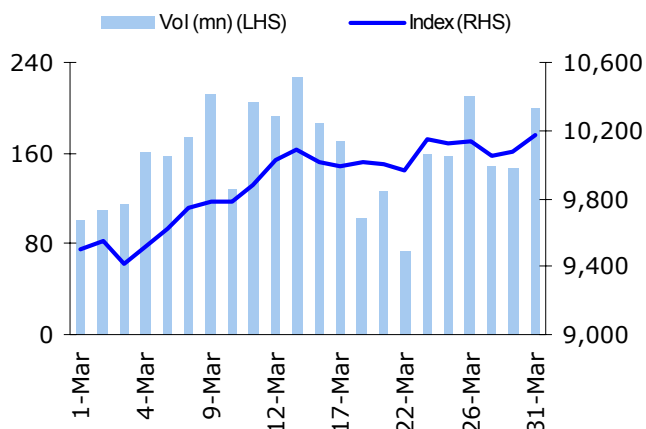
## Stock Market Review

During March, KSE-100 index increased by 521 points (5.4% up) to close at 10,178. The average daily turnover during the month was 158 million shares compared to 164 million shares in February.

Initially the market had a lack luster performance with uncertainties about the modalities of capital gain tax and its effect on the volumes in the stock market. However, the rally in the banking and E&P sectors led by foreign buying enabled the KSE-100 index to finally breach the critical level of 10,000 for the first time after 19 months (that is since August, 2008). The main impetus behind this achievement was the buying by foreign funds as KSE witnessed net inflow of US\$ 113 million only in March. In addition, strong earnings growth, announcement of inland freight subsidy on exports of cements and high oil prices provided much needed support to the market. On the macro economic front, external accounts posted an encouraging picture with remittances increasing to US\$ 5.8 billion and trade deficit shrinking to US\$ 9.42 billion in the first 8 months of the fiscal year.

It is expected that consensus on constitutional reforms package and release of IMF's fifth tranche will help market to continue its momentum.

## KSE-100 Index Performance



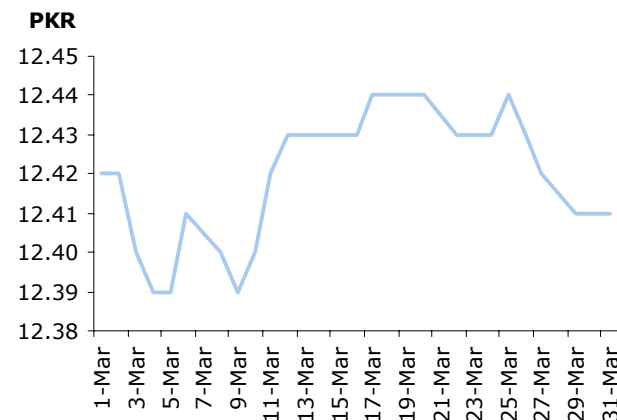
## Money Market Review

In the bimonthly monetary policy statement on March 27, 2010, State bank maintained the policy rate at 12.5% in line with the expectation as the inflation continued to hover around 13.7%. In the beginning of the month, money market was illiquid with overnight call and repo markets of around 12-12.25%. State Bank regularly conducted OMOs to bring these rates down and injected Rs. 378 billion. This helped to normalize the money market rates which closed at 10- 10.25%.

In March, State bank conducted two T Bill auction and accepted Rs 173 billion, increasing the cut off rate for the six-month paper by 7bps to 12.35%. For the next quarter, government has announced to conduct 6 T bill auctions with the total target of Rs. 438 billion against a maturity of Rs. 460 billion. A PIB auction was also conducted in which Rs. 8.8 billion was accepted with cut off rates for all the papers increasing by around 20 bps (10 year PIB cut off rate stood at 12.75%, up by 21 bps). The KIBOR rates remained stable during March with 6 month KIBOR declining marginally by 2bps MoM to close at 12.41%.

On the forex front, rupee remained strong vis-à-vis dollar and appreciated by 1.1% to close at Rs. 84.09 to a dollar in the interbank market. The forex reserves of the country are expected to further inch up to over US\$ 15 billion with the release of IMF tranche.

## 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.

## INVESTMENT OBJECTIVE

To maximize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.

## Funds Details

Fund Type:	Open End
Risk Level	High
Launch Date	8th Aug 2003
Trustee	CDC
Auditors	A.F. Ferguson & Co.
Registrar	Meezan Bank Ltd.
Unit Types	A, B and C
Management Fee	2%
Front End Load	2%
Back End Load	Nil
Benchmark	KMI-30
Leverage	Nil
Listing	KSE
AMC Rating	AM2
Pricing Mechanism	Forward
Valuation Days	Mon-Fri
Subscription/ Redemption Days	Mon-Fri 9am – 3pm
Fund Manager	Muhammad Asad
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi

## Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (Rs mn)	4,348	4,436	2.02%
NAV Per Unit (Rs)	47.99	50.29	4.79%
% held in Securities	97.8	97.7	
% held as Cash	2.2	2.3	

## Risk Measures – Mar '10

	Standard Deviation	Sharpe Ratio
MIF	0.78	0.23
KSE-100 index	0.90	0.23
KMI-30 Index	0.81	0.36

## Performance

## Cumulative Returns

	1M	3M	6M	FYTD	1Yr	3Yr	5Yr	PSD**
MIF	5%	9%	11%	43%	56%	21%	63%	191%
Benchmark	7%	12%	13%	45%	61%	-9%*	23%*	142%*

\*\* Performance start date of August 08, 2003,

\* KSE-100 Index

## Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MIF	-30%	0.27%	29%	30%	40%	24%*
Benchmark	-29%	-1%	17%	25%	22%	26%*

\* Return from inception date

## Fund Review

Net assets of Meezan Islamic Fund as at March 31, 2010 stood at Rs. 4.4 billion. The fund's NAV increased by 4.8% during the period under review against an appreciation of 7.4% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 5.4%.

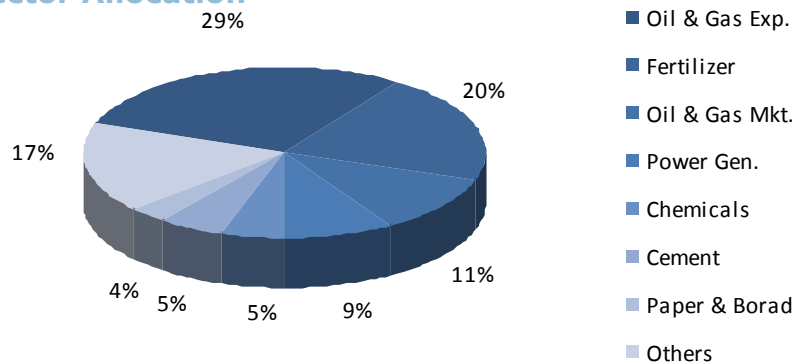
Since the market is relatively attractive on multiples as compared to regional markets, we hold a positive stance on the future performance. As of March 31, the fund was 98% invested in equities.

## Portfolio

## Top Ten Holdings

Company Name(in alphabetical order)	Sectors
Fauji Fertilizer Bin Qasim Limited	Fertilizer
Fauji Fertilizer Company Limited	Fertilizer
ICI Pakistan Limited	Chemicals
Lucky Cement Limited	Cement
Oil & Gas Development Company Limited	E&P
Packages Limited	Paper
Pakistan Oilfields Limited	E&P
Pakistan Petroleum Limited	E&P
Pakistan State Oil Company Limited	OMC
The Hub Power Company Limited	Power

## Sector Allocation



**INVESTMENT OBJECTIVE:** 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.

### Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jan-07
Trustee	CDC
Registrar	Meezan Bank Ltd
Unit Types	A, B & C
Front End Load	0.5%
Back End Load	Contingent load for Type C investors
Management Fee	1.5%
Benchmark	Average bank deposit rate of three Islamic banks
Leverage	Nil
Auditors	A.F. Ferguson & Co.
Portfolio Duration	105 days
AMC Rating	AM2
Fund Stability Rating	A+ (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat
Subscription/Redemption Days	Mon-Fri 9am-3 pm Sat 9am-12:30 pm
Fund Manager	Muhammad Asad
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

### Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (Rs mn)	3,972	3,738	-5.91%
NAV Per Unit (Rs)	50.36	50.75	0.76%

### Rating Distribution of sukuks

GoP Ijarah	32.7%
Gop Backed	8.5%
AA	7.7%
AA-	4.2%
A+	2.2%
A	1.2%
A-	1.6%
BBB+	5.2%
BBB and below	6.8%
Unrated	6.6%

### Performance

#### Cumulative Returns (annualized)

	1M	3M	6M	FYTD	1Yr	3Yr	5Yr	PSD**
MIIF	9.31%	4.05%	4.59%	6.70%	7.94%	8.98%	-	9.04%
Benchmark	5.86%	5.87%	5.84%	5.76%	5.73%	5.89%	-	5.72%

\*\* Performance start date of Jan 15, 2007

#### Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MIIF	10.15%	9.15%	9.93%	-	-	-
Benchmark	6.54%	5.75%	4.66%	-	-	-

#### Fund Review

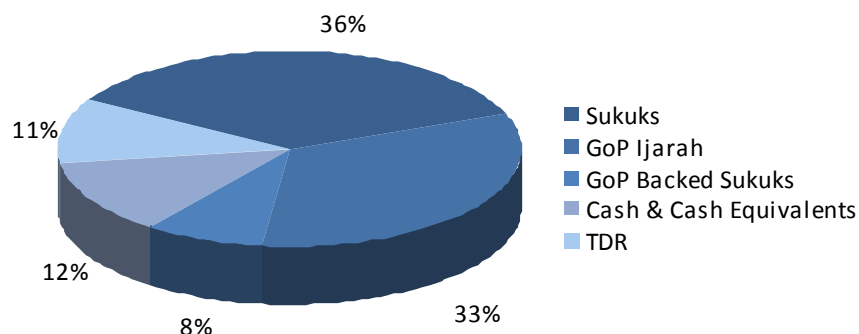
Net assets of Meezan Islamic Income Fund (MIIF) as at March 31, 2010 stood at Rs. 3.7 billion. For the month, MIIF has provided an annualized return of 9.3% as compared to its benchmark which has provided an annualized return of 5.9% during the same period.

### Portfolio

#### Top Ten Sukuk Holdings

Sukuks Names	Sectors	%
Century Paper & Board	Paper	2%
DG Cement	Cement	5%
Eden Housing Limited	Construction	5%
Engro Chemical Pakistan	Chemicals	8%
GoP Ijarah Sukuks III	GoP Ijarah	8%
GoP Ijarah Sukuks IV	GoP Ijarah	25%
KSEW - I	GoP Backed	2%
KSEW - II	GoP Backed	7%
Maple Leaf Cement	Cement	6%
Sitara Chemicals Ltd. III	Chemicals	4%

#### Portfolio Composition



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

### Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jun-09
Trustee	CDC
Registrar	Meezan Bank Ltd
Unit Types	A, B and C
Front End Load	Nil
Back End Load	0.1% if redemption within 3 days
Management Fee	1%
Auditors	A.F. Ferguson & Co.
Leverage	Nil
Portfolio Duration	13 Days
AMC Rating	AM2
Fund Stability Rating	AA (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat
Subscription/Redemption Days	Mon-Fri 9am-3pm Sat 9am-12:30 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

### Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (Rs mn)	4,828	4,633	-4.03%
NAV Per Unit (Rs)	51.51	51.97	0.89%

### Rating Exposure

AA+	57.3%
AA	42.7%

## Performance

### Cumulative Returns (annualized)

	1M	3M	6M	YTD	1Yr	2Yr	5Yr	PSD**
MCF	10.30%	10.26%	10.10%	9.98%	-	-	-	10.19%
Benchmark	7.37%	7.39%	7.45%	7.48%	-	-	-	7.49%

\*\* Performance start date of June 15, 2009

### Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MCF (Annualized)	8.08%*	-	-	-	-	-
Benchmark	7.60%	-	-	-	-	-

\* 15 days of operations.

### Fund Review

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 investment avenues to short tenure, i.e. to a maximum maturity of six months. Moreover, to ensure security of investment, rating of instruments must at least be 'AA'.

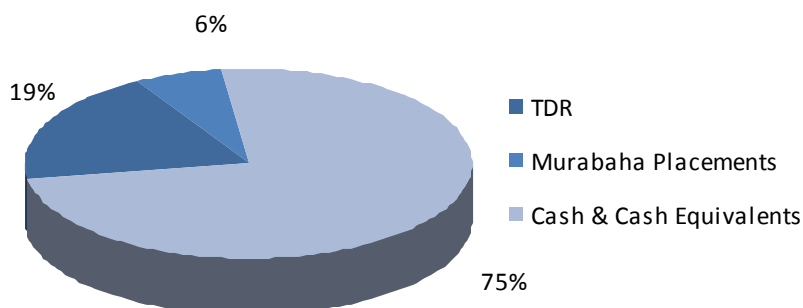
As of March 31, 2010, net assets of the fund were Rs. 4.63 billion, showing a decline of over 4% month-on-month. For the month, MCF provided an annualized return of 10.3 % to its investors.

## Portfolio

### Salient Features

Key Benefits	<ul style="list-style-type: none"> <li>Maximum Preservation of Principal Investment</li> <li>High Liquidity (Redemption within Two working days)</li> <li>Tax-free Returns</li> <li>No Sales Load (No Entry or Exit charges)*</li> <li>Tax Credit as per tax laws</li> </ul>
Investment Policy and Strategy	<ul style="list-style-type: none"> <li>Investments in High Grade &amp; Liquid avenues:</li> <li>Instrument/Issuer Rating : <b>Minimum 'AA'</b></li> <li>Maximum Maturity of Instruments : <b>Six Months</b></li> <li>Average Time to Maturity of Portfolio : <b>Three Months</b></li> </ul>
Benchmark	Average Return on 3 month deposit with three Islamic Banks

### Portfolio Composition



**INVESTMENT OBJECTIVE:** To seek maximum possible preservation of capital and a reasonable rate of return

## Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	10-Feb-10
Trustee	CDC
Registrar	Meezan Bank Ltd
Unit Types	A, B , C & D
Front End Load	0.5%
Back End Load	Nil
Management Fee	1%
Auditors	A.F. Ferguson & Co.
Benchmark	Average return on 6-month Islamic bank deposits
Leverage	Nil
Portfolio Duration	9 Days
AMC Rating	AM2
Fund Stability Rating	AA+ (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat
Subscription/Redemption Days	Mon-Fri 9am-3pm Sat 9am-12:30 pm
Fund Manager	Ayesha Irfan
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

## Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (Rs mn)	608	536	-11.8%
NAV Per Unit (Rs)	50.19	50.61	0.84%

## Asset Rating

GoP Backed (AAA)	4.7%
AA+	68.3%
AA	27.0%

## Performance

### Cumulative Returns (annualized)

	1M	3M	6M	YTD	1Yr	2Yr	5Yr	PSD**
MSF	10.37%	-	-	-	-	-	-	9.23%
Benchmark	7.37%	-	-	-	-	-	-	7.36%

\*\* Performance start date of Feb 10, 2010

## Fund Review

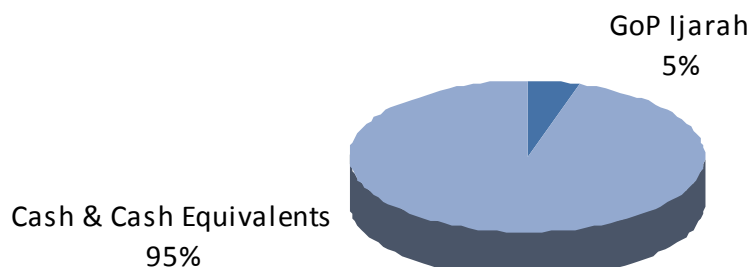
Meezan Sovereign Fund (MSF) was launched during February. As of March 31, 2010, the net assets of the fund stood at 536 million. For the month of March, The fund has provided an annualized return of 10.37% against a return of 7.37% of its benchmark.

## Portfolio

### Salient Features

Key Benefits	Maximum Preservation of Principal Investment
	Primary Investments in securities issued by Government of Pakistan
	Very Low Risk
Investment Policy and Strategy	Liquidity (Redemption on average in 2-3 working days)
	Tax-free Returns
	Tax Credit as per tax laws
Benchmark	Investments in High Grade & Liquid avenues:
	Minimum 70% Investment in Government backed / issued securities (rated 'AAA')
	Placements in top rated banks and financial institutions
	Average Time to Maturity of Portfolio : <b>Three months</b>
	Average return on 6-month Islamic bank deposits

## Sector Allocation



**INVESTMENT OBJECTIVE:** To 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.

**Funds Details**

Fund Type	Open End
Risk Level	Minimal
Launch Date	28-Jun-07
Trustee	CDC
Registrar	Meezan Bank Ltd
Auditors	A.F. Ferguson & Co.
AMC Rating	AM2
Pricing Mechanism	Forward
Valuation Days	Mon-Fri
Subscription/Redeem	Mon-Fri 9 am – 3 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

**Performance**

**Cumulative Returns**

	1M	3M	6M	YTD	1Yr	3Yr	5Yr	PSD**
MTPF- Equity	6.0%	11.5%	12.1%	43.1%	58.2%	-	-	9.6%
MTPF- Debt*	14.5%	10.7%	8.1%	8.1%	9.2%	-	-	8.9%
MTPF- MMkt*	6.5%	7.5%	6.8%	7.3%	9.2%	-	-	8.8%

\*\* Performance start date of June 28, 2007,

\* at annualized rate

**Annual Returns**

	FY09	FY08	FY07	FY06	FY05	FY04
MTPF- Equity	-25.8%	3.1%	-	-	-	-
MTPF- Debt	10.2%	8.3%	-	-	-	-
MTPF- MMkt	11.1%	7.7%	-	-	-	-

**Fund Review**

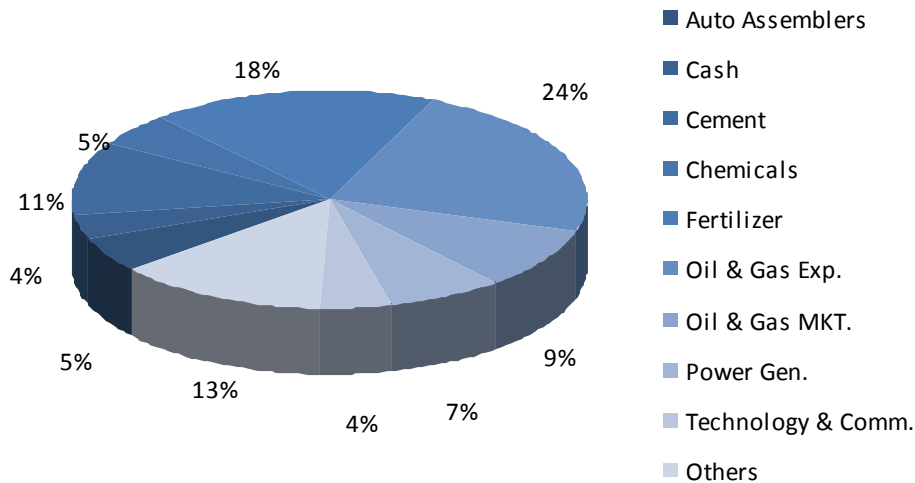
As at March 31, 2010, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 246 million. The Debt sub fund posted an annualized return of 14.5% whereas the Money Market sub funds posted a return of 6.5%. Moreover, equity sub-fund appreciated by 6% MoM.

**Funds Assets**

Rs (Mn)	Feb'10	Mar'10	MoM %
MTPF- Equity	91	97	7.1%
MTPF- Debt	77	82	6.7%
MTPF- MMkt	65	67	1.8%
Total Fund	233	246	5.5%

**Portfolio**

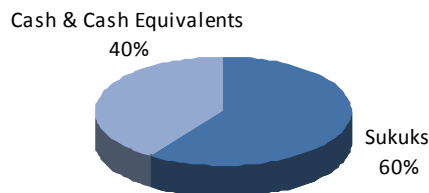
**Sector Weightage as a % of Net Assets (MTPF – Equity)**



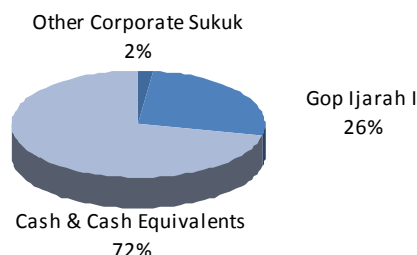
**Sukuk Holdings – MTPF (Debt fund)**

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

**MTPF Debt Sub Fund**



**MTPF Money Market Sub**



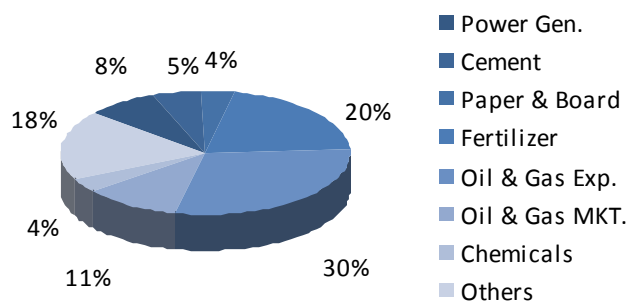
## Al Meezan Mutual Fund

### Performance

Month on Month	Feb '10	Mar '10
Return on AMMF	0.30%	4.83%
Return on KSE-100 index	0.45%	5.39%
Return on KMI-30 Index*	0.09%	7.43%
<b>Year - to - date (FY)</b>		
Return on AMMF	35.25%	41.21%
Return on KSE-100 index	34.84%	42.11%
Return on KMI-30 Index*	34.89%	44.91%

\* Benchmark

### AMMF Assets Distribution – March '10



### Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (mn)	1,451	1,521	4.83%
NAV Per Unit (Rs)	10.55	11.06	4.83%

### Investment Objective

The objective of Al Meezan Mutual Fund is to optimize the total investment returns, both capital gains and dividend income, through prudent investment management.

### Fund Review

Net assets of Al Meezan Mutual Fund (AMMF) as at March 31, 2010 stood at Rs. 1.52 billion. The fund's NAV appreciated by 4.83% during the period under review against a rise of 7.4% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 5.4%.

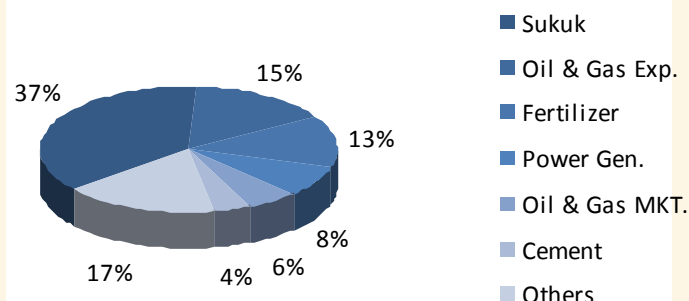
## Meezan Balanced Fund

### Performance

Month on Month	Feb '10	Mar '10
Return on MBF	0.70%	3.23%
Benchmark Return*	1.0%	3.95%
Return on KMI-30 Index	0.09%	7.43%
<b>Year - to - date (FY)</b>		
Return on MBF	22.33%	25.95%
Benchmark Return*	19.42%	24.62%
Return on KMI-30 Index	34.89%	44.91%

\*50% return on Islamic deposits and 50% return on KMI-30

### MBF Assets Distribution – March '10



### Fund Assets:

	Feb '10	Mar '10	MoM %
Net Assets (mn)	1,278	1,319	3.23%
NAV Per Unit (Rs)	10.65	10.99	3.23%

### Investment Objective

The 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 Shariah compliant instruments.

### Fund Review

Net assets of Meezan Balanced Fund (MBF) as at March 31, 2010 stood at Rs. 1.32 billion. The fund's NAV appreciated by 3.2% during the month.