



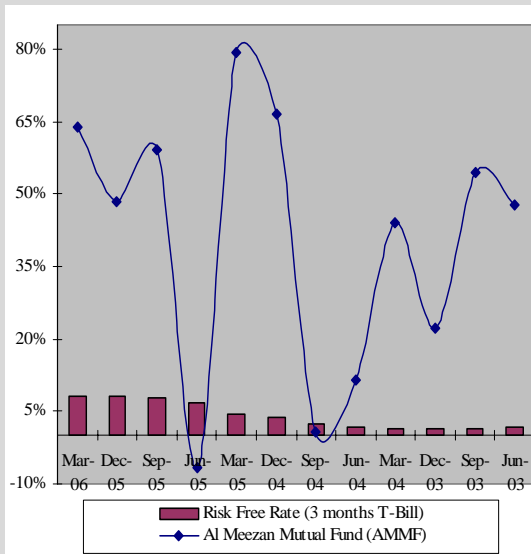
AL MEEZAN MUTUAL FUND (AMMF)

MUTUAL FUND RATING (JUNE 2006)

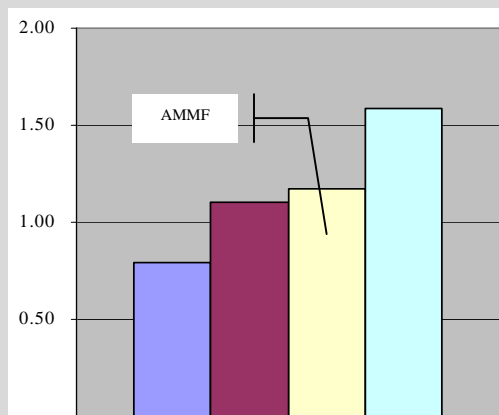


FUND:	Al Meezan Mutual Fund
FUND CATEGORY:	Islamic Fund
LAUNCH DATE:	September 1996
ASSET MANAGER:	Al Meezan Investment Management Limited

SIMPLE ANNUALISED RETURN:



SHARPE RATIO VS PEERS (31-Mar-06):



RATING

AMMF has been assigned a 5-Star rating, which reflects a superior performance relative to its peers. The rating is a composite measure of two factors namely a) returns, and b) risk associated with the returns measured by Sharpe Ratio. For computing return and risk, the performance of the fund during 12 trailing quarterly periods ended on March 31, 2006 has been considered.

PROFILE

AMMF, a closed-end fund, was incorporated in August 1995 as a public limited company and is listed on the Karachi Stock Exchange. Al Meezan Investment Management Limited is acting as the company's 'investment advisor' and CDC Limited as its 'custodian'.

The Fund, according to its Memorandum and Articles of Association, is allowed to invest in any type of equity and debt securities. However, the investment advisor while selecting investments strictly follows Islamic Shariah principles, as approved by the Shariah advisor (Meezan Bank Limited) for other Islamic funds being managed by AMIM.

ASSET MANAGER

Incorporated in February 1995 and registered with the Securities & Exchange Commission (SECP) as an NBFC, Al Meezan Investment Management Limited (AMIM) is allowed to operate as Investment Advisor for closed-end funds, Asset Management Company for management of open-end funds and also has Investment Finance Services license. AMIM is a subsidiary (65% shareholding) of Meezan Bank Limited (MBL), the first scheduled Islamic commercial bank in the country. The main sponsors of the bank are some leading financial institutions based in Pakistan, Kuwait, Bahrain and Saudi Arabia including Pakistan Kuwait Investment Company (Pvt) Limited (PKIC), which also owns 30% shareholding in AMIM. PKIC is a financially strong entity carrying a long-term credit rating of 'AAA' by PACRA.

The Chief Executive of AMIM, Mr. Mohammad Shoaib, is a CFA Charter holder and also has Masters degree in Business Administration with over 16 years of experience in the capital markets. The Head of Investments is an MBA with extensive experience of more than 10 years in the financial sector of the country.

The company is catering to different investment objectives of a diverse client base. Currently, the company is managing three funds with assets under management of more than PKR 6.5bln as at end May-06. AMIM, in addition to AMMF, manages another closed-end fund namely Meezan Balanced Fund and an open-end fund namely Meezan Islamic Fund.

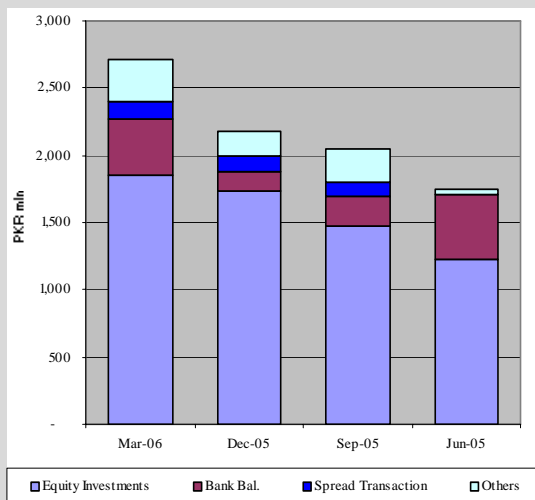
PERFORMANCE

The Fund's earnings have pre-dominantly been a function of capital gains and dividend income on equity securities. The Fund's asset mix is dominated by equity investments, followed by bank deposits and placements under deferred sale mechanism, a Shariah compliant approved equivalent of ready-future transactions. The Fund's assets composition provides it flexibility for short-term trading opportunities. Through active management of investments in the shape of timely portfolio rebalancing among different sectors and asset classes, AMMF has been able to achieve good returns. The effective implementation of this policy has helped the Fund in better withstanding the short-term volatility in the market reflected in its high Sharpe ratio.

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ASSET ALLOCATION:



TOP TEN HOLDINGS (31-Mar-06):

Entity	Holding as a %age of total portfolio
Oil & Gas Development Co. Limited	12.4%
Pakistan Oilfields Limited	12.4%
Fauji Fertilizer Co. Limited	8.3%
Pakistan Telecommunication Co. Limited	6.9%
Pakistan State Oil Co. Limited	6.8%
National Refinery Limited	6.5%
Packages Limited	6.3%
Nishat Mills Limited	5.3%
Engro Chemicals (Pak) Limited	4.2%
Pakistan Petroleum Limited	4.1%
Other	26.7%
	100.0%

Total Equity Portfolio (PKR mln) 1,851.6
Equity Portfolio / Total Assets 68.3%

CERTIFICATE HOLDING PATTERN (31-Dec-05):

Certificate Holders' Category	%
Individuals	22.5
Associated Companies	32.1
Corporates	03.4
Financial Institutions	25.9
Others	16.1

INVESTMENT METHODOLOGY

The primary objective of AMMF is to provide the maximum total return to the certificate holders from investment in equities securities investments for the given level of risk. The Fund maintains at least 60%-80% of its net assets in equities and the remaining 20%-40% are invested in debt and money markets, depending on market conditions and interest rate scenario. The Fund endeavours to ensure shariah compliance while selecting investment. The Investment Committee (IC), comprising Chief Executive and Head of Investments (HoI) as members and research analysts as participants, is responsible for macro level planning including asset allocation and overall investment policy. The IC usually meets daily in which analysts give an overview of sectors and present recommendations with respect to their valuation of the industry and specific companies. Based on these recommendations, IC sets the strategy that includes the scrip's to be targeted and broader executions limits.

RESEARCH

The research department is equipped with the latest analytical tools and up-to-date market information so as to play a proactive role in portfolio management and to assist the investment committee in making prudent investment and trading decisions. The research team, headed by HoI, consists of five sector research analysts.

As the Fund is invested heavily in the stock market, research is focused on equity securities considered shariah compliant. The research team is responsible for carrying out sectoral and individual stock analysis including forecasts, economic indicators affecting the stock market, and shariah screening of investments. Based on this, valuation of stock is done by using various valuation models, which includes dividend discount model, discounted cash flows, EV/EBITDA. A number of daily / periodic reports are also maintained in this regard. The view of other market participants, including brokers, analysts and fund managers is also taken into account during the selection process.

RISK MANAGEMENT & ASSET COMPOSITION

Funds are allocated among various asset classes based on the attractiveness of that particular asset class. The allocation among these is dependent on time horizon for investment. AMMF follows a policy of value investing in which major emphasis is placed on the underlying company's growth prospects and / or dividend yield while investment in liquid stocks provides opportunity for short-term trading gains. The market risk is managed by monitoring exposure to marketable securities, following the internal risk management policies and regulations laid down in NBFC Rules. The risk is also mitigated by investing in consistently dividend paying companies, having growth prospects, and / or which are actively traded.

ANALYST

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RATING SCALE

- ★★★★★ Superior Performance
- ★★★★ Good Performance
- ★★★ Average Performance
- ★★ Weak Performance
- ★ Poor Performance