

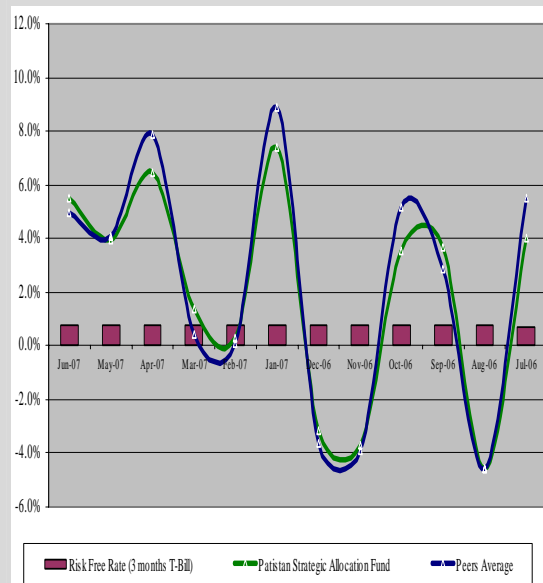


FIRST CAPITAL MUTUAL FUND (FCMF)

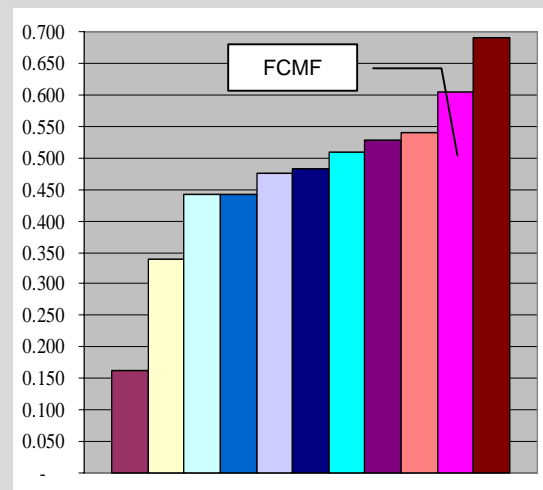
MUTUAL FUND STAR RATING (MARCH 2008)

NORMAL:	★★★★ (4-Star)
LONG TERM:	★★★★ (4-Star)
FUND:	First Capital Mutual Fund
FUND CATEGORY:	Equity Fund (Closed End)
FUND TYPE:	Closed-end
LAUNCH DATE:	March 1995
ASSET MANAGER:	First Capital Investment Limited
ASSET MANAGER RATING:	AM4+ (by PACRA)
CUSTODIAN:	Crescent Commercial Bank Limited

ABSOLUTE RETURN – MONTHLY



SHARPE RATIO VS PEERS (FY-07)



RATING

The star ratings measure the performance of the funds not only on the returns given by these funds over the period of analysis but also the risk – measured by variability in return over monthly periods. The rating of a fund is comparable only to ratings of other funds in the same category. An equity fund means a fund that invests at least around 50% of its net assets in equities at all times.

PACRA assigns two types of star ratings, differentiated on the basis of period of review; (i) normal star ratings based on performance during the trailing 12 months, and (ii) long-term star ratings based on performance during the trailing 36 months period.

FCMF has been assigned 4-star rating (normal) based on the performance during FY07. Meanwhile, a long-term rating of 4-star has also been assigned to the fund based on performance during FY05 to FY07.

ASSET MANAGER

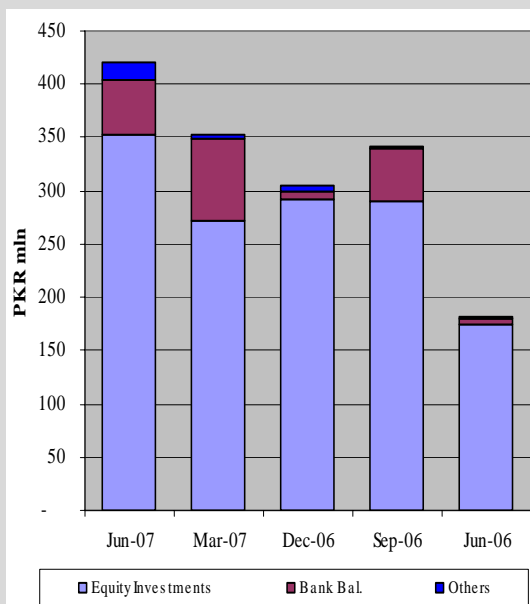
FCIL, incorporated in October 1994 – is registered as an Investment Advisor under the Non-Banking Finance Companies Regulations. The company is sponsored by First Capital Securities Corporation Limited (FCSC) – a First Capital / WorldCall group company – with 65% shareholding. The group has interests in a number of companies that are offering financial, insurance, media & telecommunication, and real estate services. The main sponsors of the group include Mr. Sulieman Ahmed Said Al-Hoqani – an Omani investor – and Mr. Salmaan Taseer and associates. FCSC, a leading investment and financial services company and listed on all three bourses, serves as the main holding company for the group, in addition to direct shareholding of sponsors in different companies.

The Chief Executive, Mr. Kamran Hafeez, is a chartered accountant by profession, having reasonable experience in equity research. The Fund Manager is an MBA, also having adequate exposure to Pakistan’s capital market.

FCIL has an asset manager rating of ‘AM4+’, which reflects the company’s adequate capacity to manage the risks inherent in asset management. FCIL currently has only one fund under its management – FCMF having a size of around PKR 369mln as at end Jan08. FCIL also offers Investment Advisory services to group companies. Meanwhile, the company is seeking SECP’s permission for obtaining license for asset management services.

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ASSET ALLOCATION



TOP TEN HOLDINGS (30-June-07)

Entity	Holding as a %age of total portfolio
Oil & Gas Development Company Limited	9.7%
First Capital Equities Limited	9.7%
Engro Chemical Limited	6.7%
MCB Bank Limited	6.7%
National Bank Of Pakistan Limited	6.2%
Pakistan State Oil Company Limited	6.1%
Lucky Cement Limited	5.7%
Pakistan Oil Fields Limited	5.4%
Pakistan Petroleum Limited	5.2%
Fauji Fertilizer Company Limited	5.0%
Others	33.6%
	100.0%

Total Equity Portfolio (PKR mln) 352
Equity Portfolio / Total Assets 83.9%

CERTIFICATE HOLDING PATTERN (30-June-07)

Category	%
Individuals	10.1%
Corporates	20.8%
Financial Institutions	1.2%
Associates	67.9%
	100.0%

ANALYST

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PERFORMANCE

FCMF’s revenue mix has experienced a change in favour of unrealized gains, which contributed around 47% (FY06: 24%) towards the total income in FY07. This was attributable to large substantial appreciation in the value of quality portfolio held by the Fund and also the investment in First Capital Equities Limited – an associated brokerage house. Meanwhile, capital gains realized on sale of securities also remained significant. The contribution of dividend income, albeit decreased from the previous year, remained around 9% of the total income. The equity portfolio – adequately diversified across different sectors – constituted more than 80% of the Fund’s total assets at end-Jun07.

While the Fund has one of the highest Sharpe ratio among peers, the average monthly returns were relatively low compared to better rated funds in the category [Equity Fund (Closed-end)] during FY07. Meanwhile, over a longer time horizon of three years (FY05 to FY07), the fund has also achieved 4-star long-term rating.

INVESTMENT OBJECTIVE AND METHODOLOGY

The investment objective of FCMF is to provide consistent long-term return through pro-active investment mainly in listed equity securities. The Fund may also invest in fixed income securities including government securities, bonds and TFCs. The Fund mainly seeks to augment wealth of investors through investments geared towards securing long-term returns including capital gains and dividend income, while simultaneously off-setting resultant risks through efficient diversification across sectors with low correlation amongst them.

FCIL has a well-defined investment process. The Investment Committee (IC), comprising the Chief Executive Officer, Chief Financial Officer, and the Fund Manager (FM), makes the investment decisions. The IC meets on a fortnightly basis, where performance/transactions during the previous fortnight are reviewed and fresh investment proposals are submitted by any IC member (in most cases by the FM). The IC after detailed discussions approves the amount of exposure to be taken in the relevant sector/stock and also decides the broad asset allocation between different categories of investments. In a situation, where FM comes across an investment opportunity during the day that has not been discussed by the IC, the FM has the authority to avail that opportunity as long as it is not a “significant investment” (<5% of Net Asset). The proceedings of the IC are duly documented.

RATING SCALE

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