



# PAKISTAN CAPITAL MARKET FUND (PCM)

## MUTUAL FUND STAR RATING (FEBRUARY 2008)

**NORMAL:** ★★★★★ (5-STAR)

**LONG TERM:** Not applicable

**FUND:** Pakistan Capital Market Fund

**FUND CATEGORY:** Asset Allocation Fund

**FUND TYPE:** Open-end

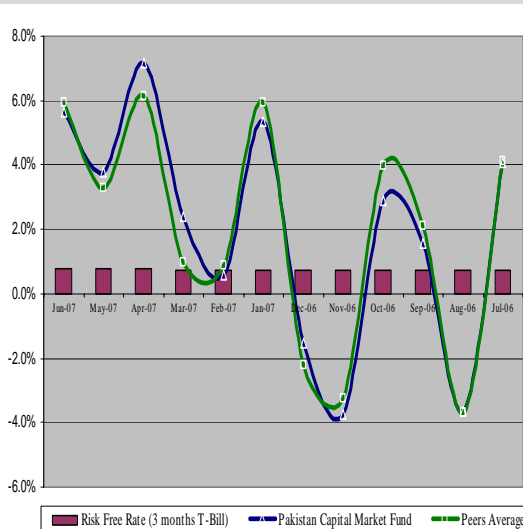
**LAUNCH DATE:** January 2004

**ASSET MANAGER:** Arif Habib Investment Management Limited

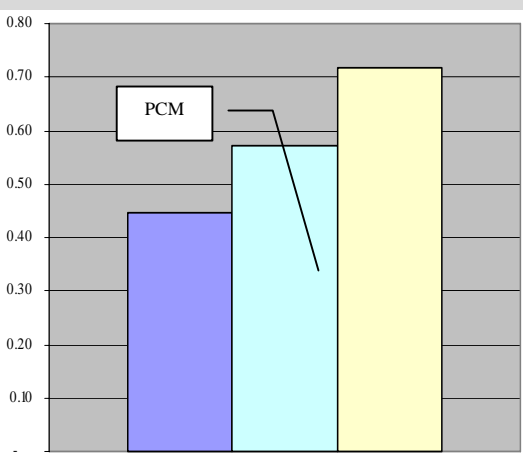
**ASSET MANAGER RATING:** AM2 (Positive outlook) (by PACRA)

**TRUSTEE:** Central Depository Company

## ABSOLUTE RETURN – MONTHLY



## SHARPE RATIO (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 asset allocation fund means a fund that can invest in any class of asset in any proportion according to criteria set in its offering document.

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.

Although PCM has operational history of more than three years at end-June07, there is no other fund meeting the eligibility criteria of three years performance history as of that date in the asset allocation fund category. Hence, PCM has not been assigned a long-term star rating.

Accordingly, a 5-star rating (normal) has been assigned to PCM based on the performance during FY07.

## ASSET MANAGER

Incorporated in August 2000, AHIML is one of the largest private sector asset management companies in Pakistan. Arif Habib Securities Limited – the holding company for Arif Habib Group – holds majority stake (62%) in the company. The Group is engaged in investment, brokerage and financial advisory services, banking, private equity, cement, and fertilizer industries. Meanwhile, Arif Habib Bank is a new, yet expanding, commercial bank of the group.

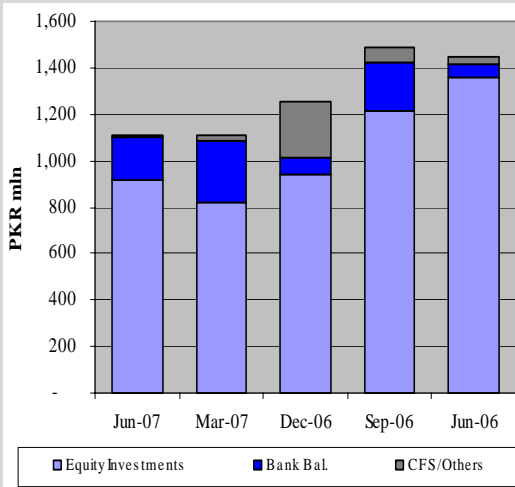
The BoD of AHIML comprises eight members including four independent directors – having substantial experience in private and public sector organizations. The current Chief Executive of AHIML, Mr. Nasim Beg, a known figure in the country’s mutual fund industry, is a Chartered Accountant with over three decades of experience in the financial sector. The Head of Equity and Specialized Funds ‘Mr. Basharat Ullah’ is also the Fund Manager for PCM. He is an MBA with extensive experience in equity research and investment management.

AHIML has an asset manager rating of ‘AM2’ with a positive outlook, reflecting the company’s very strong capacity to manage the risks inherent in asset management. The company is catering to different investment objectives of a diverse client base through offering various types of funds, including equity, income, asset allocation, Islamic funds (Total funds at present: five open-end and three closed-end). In addition, the company has recently launched two pension schemes, each having three sub funds. The total assets under management of AHIML aggregated to over PKR 23bln as at end-Dec07.

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**ASSET ALLOCATION**



**TOP 10 HOLDINGS (30-June-07)**

Entity	Holding as a %age of total portfolio
Packages Limited	11.6%
Oil & Gas Development Co. Limited	11.0%
Pak Suzuki Motors Co. Limited	8.5%
ICI Pakistan Limited	7.4%
Allied Bank Limited	7.4%
Fauji Fertilizer Bin Qasim Limited	7.3%
Nestle Pakistan Limited	5.1%
Fauji Fertilizer Co.Limited	4.7%
Century Paper & Board Mills Limited	4.6%
Indus Motor Co. Limited	3.3%
Others	29.2%
	100.0%

**Total Equity Portfolio (PKR mln)** 917  
**Equity Portfolio / Total Assets** 82.4%

**UNIT HOLDING PATTERN (30-June-07)**

Category	%
Individuals	58.9%
Corporates	15.0%
Financial Institutions	23.7%
Associates	1.4%
Others	1.1%
	100.0%

**PERFORMANCE**

The Fund derives its returns from the relative share of different asset classes it invests in, mainly equity securities and money market instruments.

Due to robust overall return offered by the stock market during FY07, the Fund remained heavily invested in equities for most of the year. As a result, the major portion of revenue was derived from capital gains and dividend income. The contribution of income from investment in listed TFCs, remained modest.

The Fund in terms of absolute monthly returns during FY07 and volatility in return as measured by Sharpe ratio has superior performance among peers.

**INVESTMENT OBJECTIVE AND METHODOLOGY**

PCM is a broad based asset allocation fund, investing in a combination of equity, debt and money market securities, with the underlying objective of seeking the optimum absolute return from Pakistan’s capital market. The Fund does not have set allocation limits for any asset class (with the exception of an upper limit of 30% and 25% of NAV for investments in government securities and CFS, respectively) and can even invest 100% of its NAV in any class. If a particular asset class offers relatively higher return prospects than other asset class, the Fund is likely to have higher allocation in that particular asset class and vice versa.

The investment process of AHIML is structured and the company adheres to the stated investment policies. Investment Committee comprises (i) CEO, (ii) Chief Investment Officer, (iii) Head of Equity and Specialized Funds (the Fund Manager of PCM), and (iv) Head of Research. The Chief Financial Officer and Head of Operational Risk department also attend the meetings, as non-votive members. These meetings are normally held once a week and are also called by the Fund manager as and when an investment related (buy/sell) decision needs to be taken. An investment summary containing valuation data, supported by reports or other research material provided by the research division, and reason for investing is prepared and presented to the Committee.

**ANALYST**

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**RATING SCALE**

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