

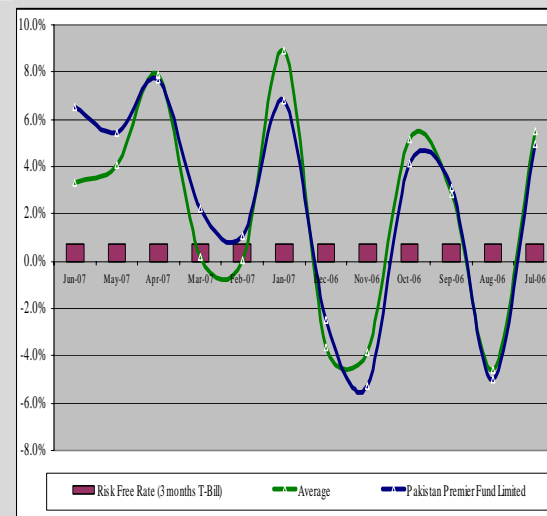


PAKISTAN PREMIER FUND LIMITED (PPF)

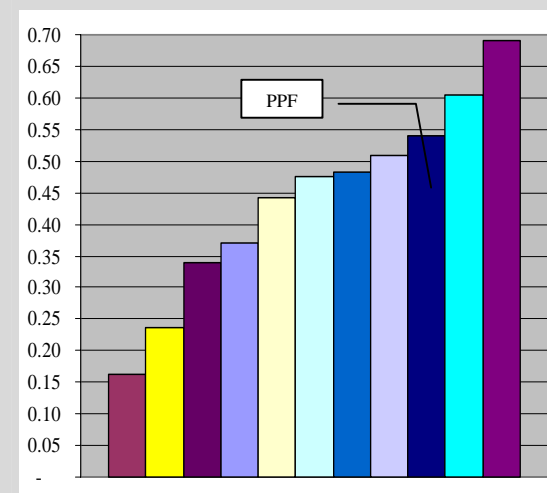
MUTUAL FUND STAR RATING (FEBRUARY 2008)

NORMAL:	★★★★ (4-STAR)
LONG TERM:	★★★★★ (5-STAR)
FUND:	Pakistan Premier Fund Limited
FUND CATEGORY:	Equity Fund
FUND TYPE:	Closed-end
LAUNCH DATE:	July 1995
ASSET MANAGER:	Arif Habib Investment Management Limited
ASSET MANAGER RATING:	AM2 (Positive outlook) (by PACRA)
CUSTODIAN:	Deutsche Bank AG, Pakistan Branch

ABSOLUTE RETURN – MONTHLY



SHARPE RATIO VS PEERS (30-June-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.

PPF has been assigned 4-star rating (normal) based on the performance during FY07. Meanwhile, a long-term rating of 5-star has been assigned to the fund based on the performance during FY05 to 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.

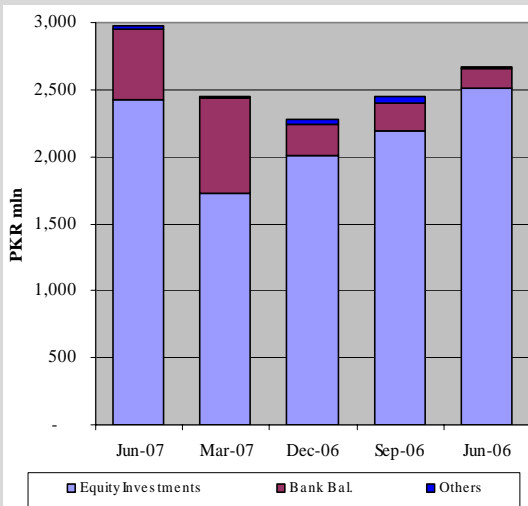
The BoD of AHIML comprises eight members including four independent directors – having substantial experience in private and public sector organizations. The current Chief Executive of AHIML, Mr. Nasim Beg, a known figure in the country’s mutual fund industry, is a Chartered Accountant with over three decades of experience in the financial sector. The Head of Equity and Specialized Funds ‘Mr. Basharat Ullah’ is also the Fund Manager for PPF. 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	10.4%
Oil & Gas Development Co. Limited	9.7%
Pak Suzuki Motor Co. Limited	9.3%
Fauji Fertilizer Bin Qasim Limited	7.6%
Allied Bank Limited	6.2%
International Industries Limited	4.8%
Pakistan Petroleum Limited	4.4%
Indus Motor Co. Limited	4.2%
Engro Chemicals Pakistan Limited	3.9%
Attock Cement Pakistan Limited	3.9%
Others	35.6%
	100.0%

Total Equity Portfolio (PKR mln)	2,424
Equity Portfolio / Total Assets	81.6%

SHAREHOLDING PATTERN (30-June-07)

Category	%
Individuals	55.7%
Corporates	11.6%
Financial Institutions	19.7%
Associates	13.0%
	100.0%

PERFORMANCE

PPF's earnings have primarily been a function of realized and unrealized gains on equity securities. The proportion of unrealized gains in the total income increased substantially during the year (FY07: 83%, FY06: 12%), mainly due to significant appreciation in the value of quality portfolio held by the Fund. Meanwhile, the contribution of dividend income in the total income of the Fund remained at around 10%.

During FY07, the Fund in terms of absolute monthly returns and volatility in return as measured by Sharpe ratio is better placed among peers. Meanwhile, over a longer time horizon of three years (FY05 to FY07), the fund has shown superior performance reflected by a long-term 5-star rating.

INVESTMENT OBJECTIVE AND METHODOLOGY

The Fund's investment strategy is aimed at accumulating value stocks (companies run by quality management, having a high average ROE and sustainable earning growth), some of which may be less liquid but are at a discount to their fair value. Equity investment decisions are based on the fair value of a company – as determined by the research division and approved by the Investment Committee – and its degree of under or over-pricing as compared to the market price. Funds not invested in equities are invested in bank deposits, short-term money market instruments and reverse repos, including CFS.

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 PPF), 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