

MARCH 2011

# Monthly Fund Managers' Report



# Focused on protecting and growing your assets!

## MSF 12/12\*

### Save your Tax, Protect your Capital

- Capital Protection (Net Realisable Value of investment should not fall below the Initial Investment Value) is provided if the investment is held to maturity of the scheme i.e. 31<sup>st</sup> December 2012 as the underlying assets are government securities, which are sovereign instruments and have no credit risk attached to them, therefore, ensuring preservation of initial investment amount.
- Investors holding the investments on 1<sup>st</sup> June 2011 and continue to hold to maturity of the Sub-scheme would enjoy the Capital Protection offer.
- Investment in MSF 12/12 is tax free [from deduction of Capital Gains Tax (CGT) if held for more than 12 months (1 year)].
- No minimum holding period – so investments can be encashed (redeemed) anytime.

\*A Sub-scheme of MSF

Collection  
Period ending  
31<sup>st</sup> May 2011\*\*

#### HOW TO INVEST:

Obtain the Investment Form from any of the designated partner institution branches or AHI offices. Submit complete copy of the application forms along with the copy of your CNIC and payment instrument [cheque/PO/DD payable to "CDC- Trustee MetroBank-Pakistan Sovereign Fund-MSF (12/12)"] to any branch of our partnering institutions or call our UAN for a free pickup. Application forms can also be obtained by downloading from our website, or by making a request by phone or by emailing us at [invest@arifhabib.com.pk](mailto:invest@arifhabib.com.pk).

\*\* For purpose of capital protection

Attributes	Details
Sub-Scheme Profile	MetroBank-Pakistan Sovereign Fund (December 2012) [MSF 12/12] is a Sub-scheme of MetroBank-Pakistan Sovereign Fund (Perpetual) [MSF] and is due to mature on 31 <sup>st</sup> December 2012. MSF is the first fund having government securities in Pakistan as underlying assets. This fund is ideal for those investors who would like to lock in a fairly high level of interest rate on short to medium term paper and to benefit from any decline in bond yields, which directly results in rising bond prices. On the other hand, in the event the reverse happens, the initial investment of investor is protected by holding to maturity.
Asset Manager Rating	AM2 (with Positive Outlook) by PACRA
Front-end Load	Nil
Back-end Load	Nil
Management Fee	Lower of 1.5% of net assets or 10% of operating revenue, subject to a minimum of 0.5% of Net Assets
Distribution Method	Cash Dividend / Bonus Units (as decided by Management Company)
Cut-off Time (on each Business Day)	Before 5.00 pm, Monday to Friday; Before 1.00 pm on Saturdays
Daily Prices	Daily on AHI & MUFAP's websites. Next day in newspapers
Pricing Mechanism	Forward pricing
Par Value	PKR 50.00

 Toll Free No: 0800 – 02020  
 [www.arifhabib.com.pk](http://www.arifhabib.com.pk)  
 [www.facebook.com/AHI.Funds](http://www.facebook.com/AHI.Funds)

 UAN: 111-468-378, 111-INVEST  
 [marketing@arifhabib.com.pk](mailto:marketing@arifhabib.com.pk)  
 [www.twitter.com/ahinvestments](http://www.twitter.com/ahinvestments)

 **Arif Habib  
Investments**  
**Pakistan Mutual Funds**  
*An Investment Plan for Everyone*

#### Risk Disclosure:

All investments in mutual funds and securities are subject to market risk. Past performance is not necessarily indicative of future results. Please read the relevant Offering Document for understanding the investment policies, risks involved and Taxation Policy.

Dear Investors,

At the beginning of the new millennium, the foundation stone of Arif Habib Investments was laid on an ethical value system and good corporate governance. Some of the initiatives undertaken in the early days were unheard of even in the global corporate culture. The Enron debacle years later would prove to be a testament to one of our practice, since inception, of rotating the external auditors every three years, a policy now adopted globally as a measure of risk mitigation and good corporate governance.

The time gone by, have not been without trepidation. We have witnessed the rise and fall of interest rates, numerous equity market crises, TFC pricing anomalies, regulatory challenges and, to top it all, the 2008 global liquidity crunch which had serious impacts on the asset management business in Pakistan. While other asset managers faltered, Arif Habib Investments stood firm and made good on its commitment to each and every one of its investors, without fail.

As your asset managers, we have always been driven by our fiduciary responsibilities and never faltered in our endeavour to be true to our investors. Even our antagonists, begrudgingly, acknowledges this fact. It is no small feat that almost 90% of our sales and marketing staff is ICM qualified to sell mutual funds (this is way in excess of the current statutory requirement).

The month of March is special for our investors and Arif Habib Investments, as it was on the 11<sup>th</sup> day March in 2002 when two of our flagship funds were launched, both Pakistan Stock Market Fund and Pakistan Income Fund were the first Open-end Funds of their categories in the private sector in Pakistan. It is, indeed, a proud moment for us to state that many amongst you have been happily invested with us since the inception of these two Funds.

As we approach the end of the financial year, the time to prepare your tax returns is also getting close. The rising cost of living is pinching every one's pocket. Being smart about your money is more a necessity than a luxury. For those investors who had invested last year, your Funds offered, comparatively, better returns than the industry, despite challenging times. For those looking to make a fresh start and increase their take-home income on account of the tax credit offered, the AHI Funds offer a wide variety of options that cover the entire risk spectrum.

In the past issues of our monthly Fund Managers' Reports, we have written about the MetroBank Pakistan Sovereign Fund which, due to a high interest rate environment, is likely to offer higher returns with no credit risk, while investments in Pakistan Income Fund and Pakistan Income Enhancement Funds will yield risk-adjusted returns based on the quality TFC portfolios they hold. Similarly, for those investors with an appetite for risk on equity, the recently launched Arif Habib Dow Jones Safe Pakistan Titans 15 Index Fund or our flagship Pakistan Stock Market Fund (PSM) may be a choice investment. PSM has outperformed the KSE 100 Index by a margin of 152 percentage points since its inception. Our ICM-qualified investment promotion and sales and marketing officers are all geared up to answer you queries and offer solutions that best suit your particular needs.

**Happy Investing!**

**Tariq Hashmi**  
**Director Marketing, Business Development & Strategy**



## MARCH IN REVIEW

The KSE 100 Index rebounded in March, gaining 4.6% to close at 11,809. Following the sharp losses of 8.7% in February, the market made strong recovery early in March (gaining over 8% by March 10) amid the announcement of implementation of leveraged product 'MTS' (Margin Trading System), which was finally introduced on March 14. The massive earthquake in Japan on March 11, turmoil in Libya and agitations in other Middle Eastern countries impacted global equities during the middle of the month, with the KSE also losing most of its earlier gains of the month amid foreign selling. While market heavy weight OGDC, which is the top holding stock with foreign investors, remained under selling pressure, losing 6.7% (at Rs. 135.67), the broader market rebounded later in the month under the lead of Fertilizer, Cement and Banking stocks on the basis of near-term positive earnings triggers. As of month end, total outstanding leveraged investment in MTS was only Rs 228 mn, an indication of cautious initial response of participants (financiers and financiers). The month of March saw a net outflow of US\$ 16.0 mn by foreign investors. The average daily turnover increased by merely 5% to 100.5 mn in March from 95.6 mn shares in the previous month.

## ECONOMIC REVIEW

The two major events of the month were: the introduction of new taxation measures and the release of the Monetary Policy Statement (MPS).

MPS was announced on March 26<sup>th</sup>, 2011 and SBP kept the discount rate unchanged at 14.0%. According to SBP, although there has been substantial improvement in the external sector, the spotlight remains on the containment of fiscal slippages. Thus far, the Government has abided with the jointly agreed borrowing limits from the SBP, and the latter is confident that the Government will maintain such discipline. Furthermore, the YoY inflation has dropped more than 250 bps since December, 2010 (15.9%).

Following talks with IMF earlier in March, the Government finally made a move to implement new taxation measures for the current fiscal year (ending June 2011), including Rs 53 bn taxes and Rs 67 bn reduction in expenditures to plug the rising fiscal deficit.

### Fiscal Sector

GoP introduced a Rs 120 bn Collection program, until the end of FY11, to meet the tax revenue targets for the current FY. Out of Rs 120 billion, Rs 53 billion would be raised through additional taxes on income and elimination of sales tax exemptions on imports, agriculture and domestic sales of export-oriented items, while Rs 67 bn is expected to be saved from the Government expenditure side. This will come through cuts in Development programs, a ban on fresh recruitments, a ban on purchase of durable goods and a 50% reduction on non-salary expenditures. Of Rs 53 bn, Rs 20 bn will be collected through 15% flood surcharge on income-tax, Rs 25 bn revenue will be accumulated through withdrawal of sales tax exemptions on fertilizers, pesticides and tractors, Rs 6 bn revenue through increase in special excise duty on imports from 1% to 2.5% and Rs 2 bn proceeds from increase in tax on sugar. With the mentioned measures taken, Ministry of Finance is positive that the fiscal deficit will be contained within 5.5% of GDP for FY11. However, the Government has also been unable to completely pass on the hike in international oil prices and any further increase could adversely affect the already struggling Petroleum Levy account.

Tax revenue for the period July, 2010 – January, 2011 stood at Rs 770 bn against a revised full-year target of Rs 1,604 bn. With the new tax reforms introduced for the remaining part of FY11, and given that most of the tax collection activities usually take place in the second half of the FY, the Ministry of Finance (MoF) is confident that the tax target for FY11 will be met with ease.

Net Government sector borrowing YTD (March 19<sup>th</sup>, 2011) swelled by Rs 308 bn against Rs 236 bn in the same period last year. This is still under the total borrowing cap of Rs 1,290 bn agreed between the SBP and the GoP.

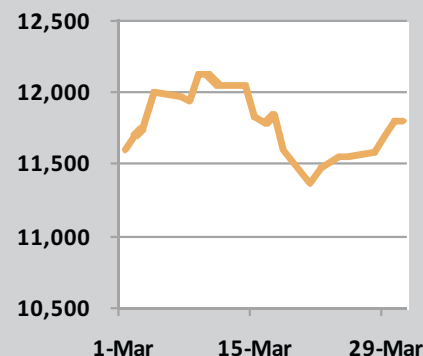
### External Sector

Eight month figures (July, 2010 – February, 2011) for the current account posted a deficit of US\$ 98 mn. Total exports from July, 2010 – February, 2011 showed a 25% YoY growth to record US\$ 15.55 bn, out of which US\$ 8.67 bn was of textile exports, up 28.4% from the same period of last year. Imports until February, 2011 increased by 17.78% to US\$ 25.65 bn. Petroleum sector, being the major import component, posted a decrease of 28.16% (July, 2010 – February, 2011) over the same period of the preceding year to close at US\$7.25 bn. On the other hand, textile group imports posted an immense 76% growth over the same eight months of the previous year and were recorded at US\$ 1.85 bn. Remittances for the period July, 2010 – February, 2011 posted an increase of 20.34% to reach US\$ 6.97 bn.

### Inflation

YoY CPI inflation for February, 2011 came to 12.91%, with MoM inflation falling by 74bps against a 130 bps increase in the previous month, mainly on account of falling prices of perishable food items. The current year 12.91% YoY increase in CPI is led by Food and Beverage sector, posting YoY increase of 17.72%, followed by Apparel, Textile and Footwear sector at 12.64%. Following the new taxation measures, along with increase in oil prices and power tariffs, inflationary pressures will continue to persist in the remaining months of FY11.

KSE-100 Index



KSE-100 Index Performance

1- Month	4.61
3 - Months	-1.77
6 - Months	17.94
12 - Months	16.03
YTD	-1.77

2011 High  
12,681.94 - January 17

2011 Low  
11,223.52 – February 25

## International / Regional Markets Performance

Market	P/E	FY11	MoM	CY10
		Mar-11	Mar-11	Jan-Dec
Dow Jones Industrial Average	14.18	26.05%	0.76%	6.41%
S&P 500	15.54	28.63%	-0.10%	5.42%
FTSE 100 Index	14.44	20.17%	-1.42%	0.15%
Nikkei 225	47.24	3.97%	-8.18%	-4.63%
HangSeng Index	12.65	16.88%	0.81%	2.14%
BSE Sensex 30	21.88	9.85%	9.10%	-5.19%
Shanghai Composite	16.90	22.09%	0.79%	4.27%
<b>KSE-100</b>	<b>7.93</b>	<b>21.47%</b>	<b>4.61%</b>	<b>-1.77%</b>
Kuala Lumpur Composite	16.99	17.59%	3.61%	1.73%
Colombo Allshare	20.42	56.67%	-7.33%	8.89%
Chittagong Stock Exchange	N/A	-1.97%	20.94%	-24.27%

Source: Bloomberg & AHI Universe

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

As expected, SBP kept the discount rate unchanged at 14% in its Monetary Policy Statement announced on 26<sup>th</sup> March, 2011. Earlier during the month, interest rates moved down in all tenors. However, by month-end, short term yields rose due to shortages of funds in the interbank market.

The Central Bank injected Rs 35.0 bn (avg) in the system via 4 and 7-days Open Market Operations (OMO) on seven occasions in the range of 12.89% to 13.09%. Banks also approached SBP for discounting of Rs 20.0 bn (avg). The benchmark 6-month KIBOR decreased marginally by 3bps to 13.73% (from 13.76%).

Change in PKRV & KIBOR		
Tenor	31 Mar, 11 (%)	28 Feb, 11 (%)
Overnight*	13.90	13.00
KIBOR 6-M	13.73	13.76
90-Days	13.27	13.35
180-Days	13.58	13.60
365-Days	13.76	13.78
3 -Years	13.97	14.18
5-Years	14.02	14.21
10-Years	14.08	14.20

## Treasury Bills

The State Bank conducted two T-bill auctions and picked up cumulative amount of Rs 337.0 bn against maturity of Rs 295.0 bn. Total participation was Rs 595.0 bn against the pre-auction target of Rs 320.0 bn. Longer maturity papers attracted higher interest with substantial participation in 6-months and 1-year T-bill, in anticipation of unchanged policy rate.

The first auction conducted during the month, saw a 9bps decrease in 3-month T-bill yield. However, 6-month and 1-year cut-offs remained unchanged. In the second auction, 3-month T-bill yields reduced by 14bps while, cut-off yields adjusted downward by 5bps each for 6-month and 1-year tenors.

Secondary market activity in 3-month paper was noted at 13.15% and 13.25%, whereas 6-months T-bill changed hands in the range of 13.50% to 13.53%. Short-maturity rates for 10 days to 2 months have fluctuated in a wide band, which had moved higher by month-end to 13.50%-13.70%, after falling to 12.80% to 12.95% earlier during the month.

## T-Bills auctions in March:

Tenor	Cut-off Rates % (24-Feb-11)	Cut-off Rates % (10-Mar-11)	Cut-off Rates % (24-Mar-11)
3-month	13.4851	13.3927	13.2542
6-month	13.6899	13.6899	13.6441
12-month	13.8554	13.8554	13.8035

## Pakistan Investment Bonds

The yield on 10 yr bond fell to 14% (decrease of 20 bps) with month end close in the range of 14.07%-14.09%. Similarly, the yields on 3 and 5 year bonds also declined by approximately 20 bps, with month end close near 14%.

Given the stability in discount rate, higher participation was seen in 10 yr bonds during the auction held on 16<sup>th</sup> March, 2011.

Tenor (Yrs)	Target (Rs. in millions)	Participation Amount (Rs. in millions)	Accepted Amount (Rs. in millions)	Coupon Rate (%)	Current Cut- off (%)	Wt. Avg Yield (%)	Previous Cut-off (%)
3	3,000	11,173	4,050	11.25	14.0789	14.0479	14.2473
5	3,000	5,229	875	11.50	14.1108	14.1081	14.2924
7	3,000	950	Rejected	11.75	-	-	-
10	3,000	30,323	17,510	12.00	14.1190	14.0791	14.2710
15	1,000	50	Rejected	12.50	-	-	-
20	1,000	1,000	Rejected	13.00	-	-	-
30	1,000	1,000	Rejected	13.75	-	-	-

## GOP Ijara Sukuk

A GOP Ijara sukuk auction was conducted on 7<sup>th</sup> March, 11. Pre-auction target was Rs 45.0 bn while participation of approximately Rs 57.0 bn was received. Bids were quoted from negative 100bps upto premium of 75bps over 6-month T-bill weighted average yield. SBP accepted Rs 47.5 bn at par, i.e., 6-month T-bill weighted average cut-off yield. Later, the Sukuk traded in the band of 100.15 to 100.30 in the secondary market.

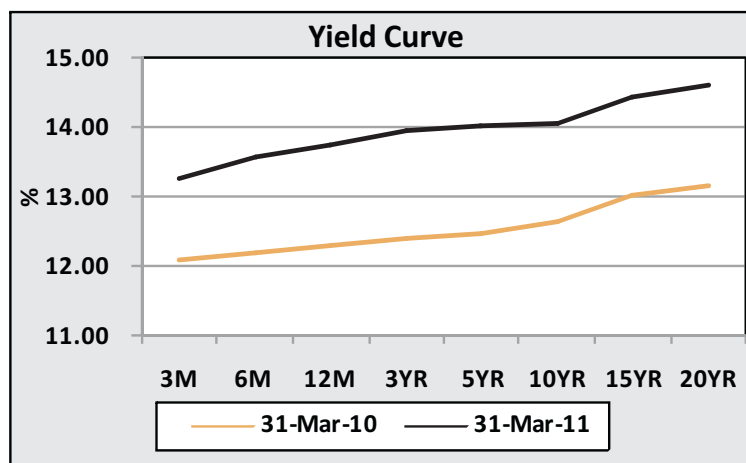
## Corporate Bonds

Corporate debt market remained active during the month. Total traded value stood at Rs 1,266 mn compared to Rs 841.0 mn a month earlier. TFCs worth Rs 1,069 mn were traded in the listed category and Rs 197 mn in the unlisted.

Among listed TFCs, Banking sector remained the volume leader with Rs 742.0 mn, followed by Fertilizer (Rs 164.0 mn) and Telecom sector (Rs 151.0 mn). Credit spreads over KIBOR for Banking sector instruments marginally increased to 1.89% (1.70%), while spreads in Fertilizer and Telecommunication sector TFCs were at 1.98% and 6.85%, respectively.

## MTS

Margin Trading System (MTS) has started functioning effective from Monday 14<sup>th</sup> March, 2011 on the Karachi Stock Exchange. By month-end, total outstanding MTS financing was Rs. 228.0 mn with major activity in POL, Engro and LOTPTA. Average rate of return on MTS financing, after opening at 21% has fallen to around 17% by month end.



# PAKISTAN STOCK MARKET FUND (PSM)

MARCH 2011

Star Rating: 4-Star (Long Term) & 4-Star (Short Term) Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

PSM's NAV grew 9.08% during March, against 4.61% rise in KSE-100 Index for this period. For the nine months ended March 2011, the Fund has given a return of 24.38%, against 21.47% increase in KSE-100 Index.

Portfolio constituting about 79% of net assets outperformed the market in March. Of the top holdings, there was a marked double digit increase in stock prices of Engro, ICI, POL and FFC, while Packages, PPL, NML, ABL also outperformed. Hubco and Kapco underperformed the KSE-100 Index from amongst the top holdings.

During the month, equity exposure was reduced to 92.71%, from 97.62% a month earlier, reducing exposure mainly in Pharma, telecom, and auto sectors.

## Fund Objective

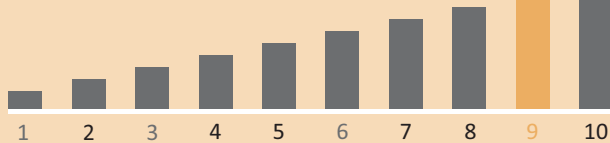
The objective of the Fund is to provide investors long term capital appreciation from its investments in Pakistan equities.

## Fund Profile

Pakistan Stock Market Fund (PSM) is an Open-end equity Fund that invests in quality stocks listed in Pakistan.

The Fund is actively managed and fundamental research drives the investment process. Fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the Fund's portfolio is high quality liquid stocks. The funds which are not invested in equities are required to be kept in bank deposits and short-term money market instruments/ placements.

## Risk Profile

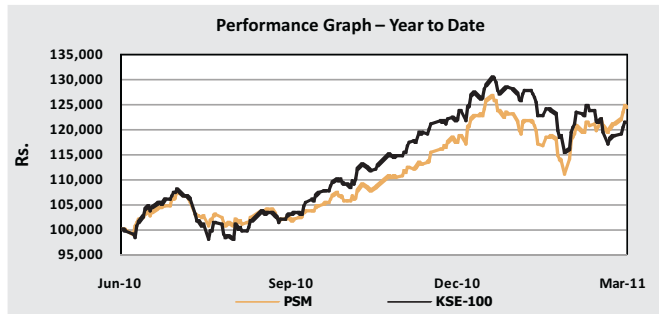


## FUND INFORMATION

Fund Type	Open-end
Category	Equity
Fund Launch Date	11 <sup>th</sup> March 2002
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	2%
Management Fee	2%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Muhammad Imran Khan (Head of Research)



## Portfolio Characteristics

	PSM	KSE - 100
Net Assets / Market Cap (Rs. bn)	1.36	3,147.55
NAV Rs. Per unit / KSE-100 Index	61.74	11,809.54
Price Earning - 2011	8.09	7.93*
* AHI Universe		

## Fund Returns (%)

	PSM	KSE - 100
Month on Month	9.08	4.61
Quarter on Quarter	4.63	-1.77
FY 11 to Date	24.38	21.47
Since Inception	723.44	530.61

## Sector Allocation (as % of Net Assets)

	Mar'11	Feb'11
Chemicals	29.6	28.0
Oil & Gas	19.2	19.7
General Industrials	10.0	10.2
Banks	7.2	7.9
Personal Goods	6.8	7.2
Electricity	6.7	7.6
Others	13.2	17.1

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	5.9	2.1
Equity	92.7	97.6
Other assets (net of liabilities)	1.4	0.3

## Top Ten Holdings (as % of Net Assets)

Engro Corp. Ltd	10.2%	Nishat Mills Ltd.	6.5%
Packages Ltd.	10.0%	Fauji Fertilizer Co. Ltd.	5.8%
ICI Pakistan Ltd.	8.9%	Allied Bank Ltd.	5.5%
Pakistan Oilfields Ltd.	8.1%	Hub Power Co. Ltd.	3.4%
Pakistan Petroleum Ltd.	7.8%	Kot Addu Power Co. Ltd.	3.3%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# PAKISTAN PREMIER FUND (PPF-O)

MARCH 2011

Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

PPF-O's NAV increased 8.15% during March against KSE-100 Index rise of 4.61%. The Fund has given a return of 17.88% during nine months ended March 2011, compared to 21.47% of the KSE-100 Index.

Equity exposure constituting about 72% of net assets outperformed the market in March. Amongst the top holdings, FFC, Engro, POL, ICI and PICT recorded double digit growth in stock prices, while Packages, NML, ABL and PPL also outperformed. Kapco underperformed the market during this time.

Overall equity exposure was reduced to 83.22% from 84.65% a month earlier, by reducing exposure in Pharma and Auto sector as equity prices increased.

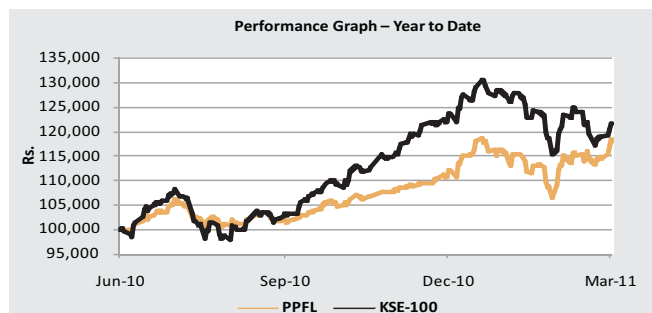
## Fund Objective

The objective of the Fund is to provide investors long term capital appreciation from its investments in Pakistani equities.

## Fund Profile

Pakistan Premier Fund (PPF-O) is an Open-end equity Fund. The Fund takes a long term value investing approach and the portfolio is diversified across all major sectors with stocks having long term positive fundamentals.

PPFL is a long only Fund. The funds which are not invested in equities are kept in bank deposits and short-term money market instruments/placements.



## Sector Allocation (as % of Net Assets)

	Mar'11	Feb'11
Chemicals	25.9	23.1
Oil & Gas	15.1	14.6
Banks	9.5	9.8
General Industrials	9.5	9.3
Electricity	8.1	8.7
Personal Goods	7.5	7.4
Others	7.6	11.7

## Portfolio Characteristics

	PPFL	KSE - 100
Net Assets / Market Cap (Rs. bn)	0.73	3,147.55
NAV Rs. Per unit / KSE-100 Index	9.69	11,809.54
Price Earning - 2011	8.43	7.93*
* AHI Universe		

## Fund Returns (%)

	PPFL	KSE - 100
Month on Month	8.15	4.61
Quarter on Quarter	5.10	-1.77
FY 11 to Date	14.08	21.47
Since Inception	436.80	342.88

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	6.6	4.0
Equity	83.2	84.6
T-bills	10.9	14.1
Other assets (net of liabilities)	-0.7	-2.7

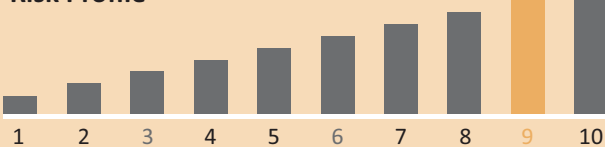
## Top Ten Holdings ( as % of Net Assets)

Packages Ltd.	9.5%	Nishat Mills Ltd.	7.4%
Fauji Fertilizer Co. Ltd.	9.4%	Allied Bank Ltd.	7.3%
Engro Corp. Ltd	8.6%	Pakistan Petroleum Ltd.	7.0%
Pakistan Oilfields Ltd.	8.2%	Pak. Intn'l Container Terminal Ltd.	4.3%
ICI Pakistan Ltd.	7.9%	Kot Addu Power Co. Ltd.	4.1%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

## Risk Profile



## FUND INFORMATION

Fund Type	Open-end
Category	Equity
Fund Launch Date	1 <sup>st</sup> Jan 2003
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	M. Yousaf Adil Saleem & Co., Chartered Accountants (a member firm of Deloitte Touche Tohmatsu)
Front-end load	2%
Management Fee	2%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 10.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Muhammad Imran Khan (Head of Research)

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk



# PAKISTAN STRATEGIC ALLOCATION FUND (PSAF)

MARCH 2011

**Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)**

## PERFORMANCE REVIEW

PSAF's NAV was up 8.01% during March 2011 as against a rise of 4.61% in the KSE-100 Index. Better performance vis-a-vis the benchmark was due to relative outperformance of the Funds' key holdings i.e. ENGRO, POL, ICI, PKGS and PPL.

During the month, the Fund maintained its overall equity allocation with month-end exposure at 85.88% compared to 86.93% in the beginning. PSAF continues to increase its exposure in relatively undervalued stocks in the Chemicals, Oil and Gas and Commercial Banking sectors. At the same time, some of the overall valued stocks were partially disposed off as they reached their estimated fair values.

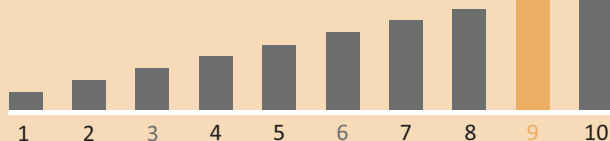
## Fund Objective

The objective of the Fund is to provide investors a mix of income and capital growth over medium to long term, primarily from investments in Pakistani equities.

## Fund Profile

Pakistan Strategic Allocation Fund (PSAF) is an Open end strategic allocation Fund which primarily invests in equities based on a quantitative model. The Fund takes advantage of equity market volatility and buys equities when they are underpriced and sells equities when they are overpriced. DCF (discounted cash flow) valuations are pivotal for stocks selection in the portfolio. The Fund is mostly invested in liquid stocks. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

## Risk Profile



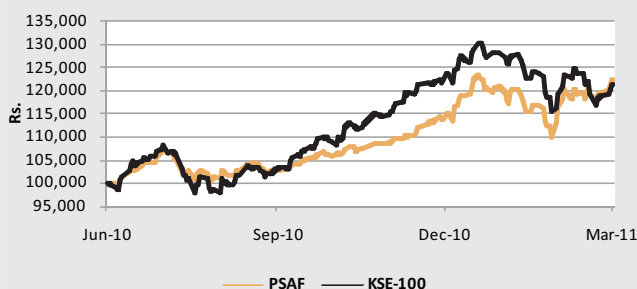
## FUND INFORMATION

Fund Type	Open-end
Category	Equity
Fund Launch Date	11 <sup>th</sup> September 2004
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	A.F. Ferguson, Chartered Accountants (a member firm of PWC)
Front-end load	2%
Management Fee	2%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 10.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehani (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Muhammad Imran Khan (Head of Research)
- Mr. Faisal Khatri (Fund Manager)

Performance Graph – Year to Date



## Portfolio Characteristics

	PSAF	KSE-100
Net Assets / Market Cap (Rs. bn)	0.99	3,147.55
NAV Rs. Per unit / KSE-100 Index	8.90	11,809.54
Price Earning - 2011	7.62	7.93*
*AHI Universe		

## Fund Returns (%)

	PSAF	KSE - 100
Month on Month	8.01	4.61
Quarter on Quarter	5.95	-1.77
FY 11 to Date	21.99	21.47
Since Inception	109.05	128.33

## Sector Allocation (as % of Net Assets)

	Mar'11	Feb'11
Chemicals	27.0	24.9
Oil & Gas	21.2	21.0
Banks	11.1	13.0
Electricity	9.2	10.1
General Industrials	8.8	8.7
Others	8.6	9.2

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	3.7	5.2
Equity	85.9	86.9
T-bills	10.5	10.5
Other assets (net of liabilities)	-0.5	-2.6

## Top Ten Holdings (as % of Net Assets)

Engro Corp. Ltd.	11.7%	Hub Power Co. Ltd.	5.9%
Packages Ltd.	8.8%	Allied Bank Ltd.	5.4%
Pakistan Oilfields Ltd.	8.5%	Pakistan State Oil Ltd.	5.4%
ICI Pakistan Ltd.	7.4%	Nishat Mills Ltd.	5.0%
Pakistan Petroleum Ltd.	7.3%	United Bank Ltd.	3.9%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF)

MARCH 2011

**Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)**

## PERFORMANCE REVIEW

AHDJPF NAV increased 6.94% in March against 6.86% rise in its benchmark (Dow Jones SAFE Pakistan Titans 15 Index). Amongst the top holdings, MCB, FFC, PPL, Engro, POL, NBP and Dawood Hercules outperformed. Stock price of OGDC fell during the month, while PSO and Hubco also underperformed. The Fund remained, on average, more than 98% invested in the benchmark constituents. The Fund size has increased to Rs. 121.45m, compared to Rs. 113.44m a month earlier.

There was a change in Dow Jones SAFE Pakistan Titans 15 Index during the month. JSCL was excluded from the Index, while HBL was added in its place. Changes were made in AHDJPF accordingly.

## Fund Objective

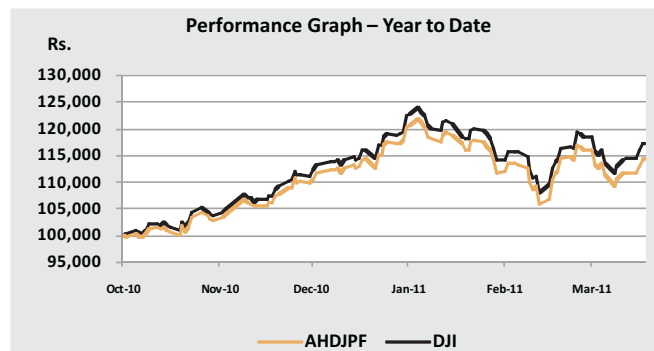
The Fund aims to provide investors with a total return that, before expenses, closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index by tracking the Dow Jones SAFE Pakistan Titans 15 Index, thus providing exposure to the constituents of Dow Jones SAFE Pakistan Titans 15 Index in a single security.

## Fund Profile

AH Dow Jones SAFE Pakistan Titans 15 Index Fund (AHDJPF) is an Open-end Index Tracker Fund which aims to provide investors with a total return that closely corresponds to the return of the Dow Jones SAFE Pakistan Titans 15 Index<sup>SM</sup>.

The AHDJPF employs a passive management approach to replicate the performance of the constituents of Dow Jones SAFE Pakistan Titans 15 Index<sup>SM</sup>. The Fund invests all, or substantially all, of its assets in securities that make up the target index. Excess cash, if any, is kept in daily-return bank deposits or short term money market instruments. The Fund is not allowed to take leveraged investment positions.

This Fund also provides a low cost exposure to a portfolio primarily holding blue-chip liquid stocks selected on the basis of free float market capitalization and liquidity.



## Portfolio Characteristics

	AHDJPF	BM*
Net Assets (Rs. mn) / Market Cap (Rs. bn)	0.12	8,034.54
NAV Rs. Per unit / DJ Pakistan Index	57.18	1,403.75
Price Earning - 2011	8.30	7.81*
*Dow Jones SAFE Pakistan Titans 15 Index		

## Fund Returns (%)

	AHDJPF	BM*
Month on Month	6.94	6.86
Quarter on Quarter	-	1.09
FY 11 to Date	14.36	17.19
Since Inception	14.36	17.19

\*\* Dow Jones Safe Pakistan Titans 15 Index

## Sector Allocation (as % of Net Assets)

	Mar'11	Feb'11
Oil & Gas	38.8	42.9
Banks	31.9	29.4
Chemical	21.4	19.7
Electricity	3.9	4.3
Others	2.2	2.7

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	1.1	1.3
Equity	98.3	98.9
Other assets (net of liabilities)	0.6	-0.2

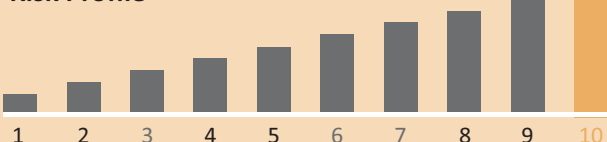
## Top Ten Holdings (as % of Net Assets)

MCB Bank Ltd.	21.1%	Pakistan Oilfields Ltd.	5.1%
Oil & Gas Development Co. Ltd.	20.9%	Pakistan State Oil Ltd.	5.0%
Fauji Fertilizer Co. Ltd.	9.4%	Hub Power Co. Ltd.	3.9%
Pakistan Petroleum Ltd.	7.8%	National Bank of Pakistan Ltd.	3.4%
Engro Corp. Ltd.	7.2%	Dawood Hercules Ltd.	3.1%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

## Risk Profile



## FUND INFORMATION

Fund Type	Open-end
Category	Index Tracker Fund
Fund Launch Date	14 <sup>th</sup> October 2010
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	MCB Financial Services (Pvt.) Ltd.
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	2%
Management Fee	1%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 1:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Muhammad Imran Khan (Head of Research)

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# PAKISTAN CAPITAL MARKET FUND (PCM)

MARCH 2011

**Star Rating: 3-Star (Long Term) & 4-Star (Short Term) Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)**

## PERFORMANCE REVIEW

PCM's NAV increased 5.74% in March, against 3.10% rise in its benchmark. For the nine months ended March 2011, the Fund has given a return of 14.71%, against 16.47% of its benchmark.

Equity portfolio constituting 44.66% of net assets outperformed during March. Amongst the key equity holdings, Engro, ICI, POL, PSMC and Fatima Fertilizer recorded double digit increase in their stock prices, while Packages, PPL, ABL also outperformed. PSO and Kapco underperformed during this time. Total equity exposure was slightly reduced to 59.49% against 60.15% a month earlier

TFC and preference share portfolio of PCM remained unchanged at 14.6% of net assets. During the month, the price of UBL TFC (which is major holding of the PCM TFC portfolio) increased marginally, resulting in valuation gains on this portfolio. Short-term T-bills account for 17.3% of fund size.

## Fund Objective

The objective of the Fund is to provide investors a mix of income and capital growth over medium to long term from equity and debt investments.

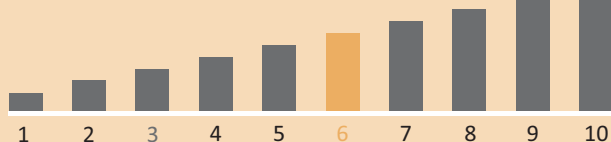
## Fund Profile

Pakistan Capital Market Fund (PCM) is an Open-end balanced Fund that invests in a range of asset classes such as equity and debt in Pakistani market.

The asset allocation to equities and debt is made on the basis of relative attractiveness of each asset class. The investment process is driven by fundamental research. For equities investment, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. For debt investment, interest rate outlook is the key determining factor and allocation to this segment is increased when the yields are comparatively higher compared to the total returns on equities. Investment is made in Corporate bonds (investment grade) and Government bonds. Cash is kept in deposits with highly rated banks.

PCM is a long only Fund and can not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

## Risk Profile



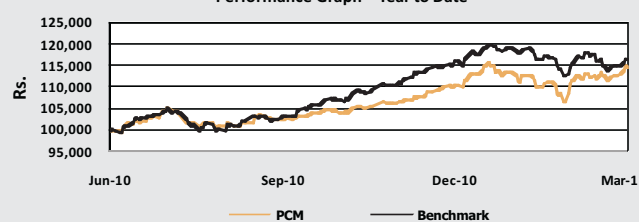
## FUND INFORMATION

Fund Type	Open-end
Category	Balanced
Fund Launch Date	24 <sup>th</sup> January 2004
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	A.F. Ferguson, Chartered Accountants (a member firm of PWC)
Front-end load	2%
Management Fee	2%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 10.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehan (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)

Performance Graph – Year to Date



## Portfolio Characteristics

	PCM	KSE-100
Net Assets / Market Cap (Rs. bn)	0.43	2,802.44
NAV Rs. Per unit / KSE-100 Index	8.11	11,289.33
Price Earning - 2011	8.09	7.93*
*AHI Universe		

## Fund Returns (%)

	PCM	BM**
Month on Month	5.74	3.10
Quarter on Quarter	3.71	0.41
FY 11 to Date	14.71	16.47
Since Inception	151.17	125.54
** 50% KSE-100 Index + 50% 1 Year T-Bill		

## Sector Allocation (as % of Net Assets)

	Mar'11	Feb'11
Oil & Gas	18.4	18.4
Chemicals	17.9	16.2
General Industrials	5.8	5.6
Electricity	5.2	5.6
Banks	4.8	4.9
Others	7.4	9.5

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	7.3	6.1
Equity	59.5	60.2
TFCs	10.7	11.1
Preference shares	3.9	4.1
T-bills	17.3	17.8
Other assets (net of liabilities)	1.4	0.8

## Top Ten Holdings ( as % of Net Assets)

United Bank Limited - III [TFC]	8.1%	Packages Ltd.	5.8%
Engro Corp. Ltd.	8.0%	Kot Addu Power Co. Ltd.	5.2%
ICI Pakistan Ltd.	7.4%	Pakistan Petroleum Ltd.	5.1%
Pakistan State Oil Ltd.	7.4%	Allied Bank Ltd.	4.8%
Pakistan Oilfields Ltd.	6.0%	Masood Textiles Ltd. [Pref. Shares]	3.9%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
Maple Leaf Cement Ltd.	Sukuk	6.53	-	6.53	1.53%	1.51%

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# PAKISTAN INT'L ELEMENT ISLAMIC FUND (PIIF)

MARCH 2011

Star Rating: 2-Star (Long Term) & 3-Star (Short Term)

Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

PIIF's NAV grew by 7.2% during the month as compared to a rise of 5.25% in its benchmark and 7.5% rise in KMI-30 Index during this period. The benchmark is 70:30 weighted average returns of KMI-30 and DJIM. Upward movement was contributed by the outperformance of key holdings, including NML, Packages, POL, PPL, ICI, PAEL and FFC. On the other hand PSO and Searle underperformed the benchmark. During the month, the Fund reduced its exposure in Chemical and Pharma sectors which brought total equity holdings to 89.9% from 95.2%.

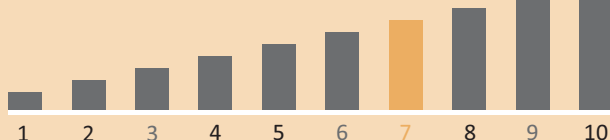
## Fund Objective

The objective of the Fund is to provide medium to long term capital appreciation through investing in Shariah-compliant investments in Pakistan and internationally.

## Fund Profile

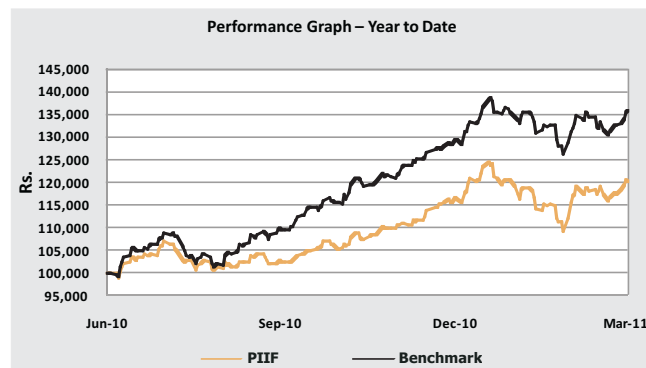
Pakistan International Element Islamic Fund (PIIF) is an Open-end asset allocation Fund, which seeks to achieve its objective through investing in a portfolio of Shariah compliant investments diversified across the capital markets of Pakistan as well as keeping a limited exposure internationally. The Fund is managed through an active management strategy with dynamic allocations towards different asset classes. The investment process is driven by fundamental research. The domestic portfolio of the Fund primarily invests in fundamentally strong Shariah compliant equities, high quality Sukuks and other Shariah-compliant instruments. For equities, fundamental outlook of sectors/companies and DCF (Discounted Cash Flow) valuations are the primary factors in sectors' allocation and stock selection. Major portion of the Fund's portfolio is high quality liquid stocks.

## Risk Profile



## FUND INFORMATION

Fund Type	Open-end
Category	Islamic Asset Allocation
Fund Launch Date	2 <sup>nd</sup> May 2006
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	Type A: 2% Type B, C & D: None
Back-end load	Type A: None Type B, C & D: Yr 1:3%, Yr 2:2%, Yr 3:1%
Management Fee	Type A & B: 3% Type C & D: 2%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000
<b>Investment Committee</b>	
<ul style="list-style-type: none"> <li>Mr. Basharat Ullah (Director, Investments)</li> <li>Mr. Zeeshan (Director, Finance)</li> <li>Mr. Ahsan Mehanti (Director, Wealth Management)</li> <li>Mr. Tariq Hashmi (Director, Business Development &amp; Strategy)</li> <li>Ms. Nazia Nauman (Head of Equity Funds)</li> <li>Mr. Zafar Rehman (Head of Debt &amp; Money Market Funds)</li> <li>Mr. Muhammad Imran Khan (Head of Research)</li> </ul>	



## Portfolio Characteristics

	PIIF	KMI - 30
Net Assets / Market Cap (Rs. bn)	0.37	435.09
NAV Rs. Per unit / KMI-30 Index	45.70	20,063.68
Price Earning - 2011	7.12	8.29*
* Shariah-compliant portion of AHI Universe		

## Fund Returns (%)

	PIIF	BM*
Month on Month	7.20	5.25
Quarter on Quarter	3.32	4.84
FY 11 to Date	20.29	35.58
Since Inception of KMI-30 Index	30.51	60.55
Since Inception of PIIF	31.86	-

\* Benchmark Composite returns (70% KMI-30 Index + 30% DJIM-World Index)

## Domestic Equity Allocation (as % of Net Assets)

	Mar'11	Feb'11
Oil & Gas	36.8	37.3
Chemicals	17.0	16.4
Personal Goods	11.5	11.8
General Industrials	10.0	9.3
Electricity	7.6	7.9
Others	7.0	12.5

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	6.5	2.1
Equity	89.9	95.2
Sukuk	1.7	1.9
Other assets (net of liabilities)	1.9	0.8

## Top Ten Holdings (as % of Net Assets)

Pakistan Oilfields Ltd.	14.2%	Packages Ltd.	10.0%
ICI Pakistan Ltd.	11.7%	Hub Power Co. Ltd.	7.6%
Pakistan State Oil Ltd.	11.5%	Pak Elektron Ltd.	5.3%
Nishat Mills Ltd.	11.5%	Fauji Fertilizer Co. Ltd.	3.5%
Pakistan Petroleum Ltd.	11.1%	Sitara Chemical Industries Ltd.	1.8%

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk



# PAKISTAN INCOME ENHANCEMENT FUND (PIEF)

MARCH 2011

Fund Stability Rating: AA- (PACRA)

Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

PIEF delivered an annualized return of 18% in March'11 with YTD return of 11% since July'10. Higher return during the month was due to valuation gains in TFC portfolio which was 29.5% of net assets. At the end of the month, TDR with commercial bank stood at 8.64% of net assets in order to capture high yield arising from quarter-end deposit demand. New investments were made up to 1.1% of net assets in commercial paper (CP) and 0.82% in newly introduced Margin Trading System against shares (MTS) at the KSE. Investment in T-bills was 55%. In addition, investment in Govt. Ijara Sukuk was 3% while cash in bank was 1% of net assets. At present, TFC portfolio mainly comprises 10.9% fertilizer, 9.4% commercial banks, 4.4% real estate and 3.8% investment banks & companies sectors. The weighted average duration of the Fund was 72 days while weighted average credit quality of the portfolio was AA+ at the end of the month. The Fund declared an interim monthly dividend of Re. 0.51/unit with the cumulative dividend yield of 9.77% for 9 months FY11.

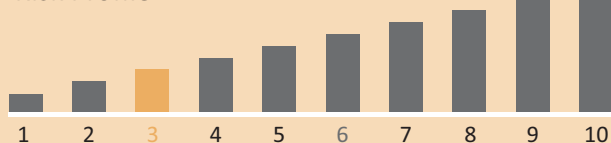
## Fund Objective

The objective of the Fund is to deliver return from aggressive investment strategy in the Debt and Fixed Income markets.

## Fund Profile

Pakistan Income Enhancement Fund (an Aggressive Fixed Income Fund, referred to as PIEF) is an Open-end Fund which primarily invests in Debt and Fixed Income instruments and may also take limited exposure in structured products. The maximum duration of the Fund does not exceed 3 years.

## Risk Profile

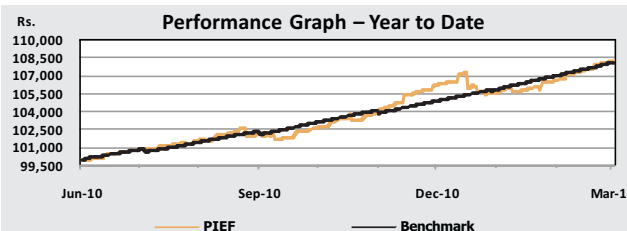


## FUND INFORMATION

Fund Type	Open-end
Category	Aggressive Fixed Income Scheme
Fund Launch Date	28 <sup>th</sup> August 2008
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	up to 1.35%
Management Fee	1.5%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)



## Portfolio Ratings Profile (% of Net Assets)

	Mar'11
Govt. securities (AAA)	58.0
AA+	1.0
AA	23.5
AA-	6.4
A+	6.3
A	0.5
A- or below	4.3

## Portfolio Characteristics

	Mar'11	Feb'11
Duration (Days)	72	56
Avg. Portfolio Maturity (Years)	1.67	1.59
Net Assets (Rs. bn)	1.68	1.76
NAV (Rs. Per unit)	51.29*	51.02*
*Ex-dividend		

## Fund Returns (%)

	Mar'11	Feb'11
Month on Month (Annualised)	18.03	11.02
Benchmark Month on Month*	12.60	12.98
Quarter on Quarter (Annualised)	7.44	9.76
FY'11 to date (Annualised)	11.04	10.0
Since Inception (CAGR)	14.74	14.58
Cumulative Dividend Yield	13.09 <sup>1</sup>	13.08 <sup>1</sup>

<sup>1</sup> Since inception

\* Benchmark is 90% 12M KIBOR + 10% 3M PKRVI

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	1.1	0.7
T-bills (Govt. securities)	55.0	58.5
Ijara Sukuk	3.0	2.9
Term Finance Certificates	29.5	27.8
TDRs	8.6	8.5
Other assets (net of liabilities)	2.8	1.6

## Top Ten TFCs (as % of Net Assets)

Engro Fertilizer Ltd. - PRP 1	9.7	Eden Housing Limited-II (Sukuk)	1.5
Bank Al Falah Ltd.- IV (Floating)	3.3	Bank Al Habib Ltd.II	1.5
Pace Pakistan Ltd.	2.9	United Bank Limited - IV	1.5
KASB Securities	2.4	Askari Commercial Bank Ltd. III	1.2
Askari Commercial Bank Ltd. - II	1.7	Pak Arab Fertilizers Limited	1.2

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# PAKISTAN INCOME FUND (PIF)

MARCH 2011

Fund Stability Rating: AA- (PACRA)

Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

PIF delivered an annualized return of 14.89% in March'11 with YTD return of 11.72% since July'10. Higher return during the month was due to valuation gains in the TFC portfolio which was 28% of net assets. T-bills remained the major investment segment comprising 60% while Govt. Ijara Sukuk was 2.6% of net assets. At present, TFC portfolio primarily consists of 12.6% banking, 7.2% fertilizer, 3.8% Investment banks & companies, and 2.3% telecommunication sectors. Around 8% of net assets were deployed in short term TDR with high rated commercial banks in order to capture high yield arising from quarter-end deposit demand. The weighted average duration of the Fund was 58 days while weighted average credit quality of the portfolio was AA+ at the end of the month. The Fund declared its third quarterly dividend for FY11 for Rs. 1.50/unit with the cumulative dividend yield of 10.68% for 9 months FY11.

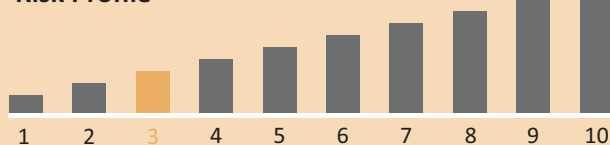
## Fund Objective

The objective of the Fund is to deliver returns primarily from Debt and Fixed Income investments without taking excessive risk.

## Fund Profile

Pakistan Income Fund (PIF) is an Open-end Fund, which invests in Corporate securities, Government securities, money market placements, TDRs and short maturity reverse repurchase transactions. The overall duration of the portfolio is kept below 2 years, in order to keep interest rate risk at a relatively low and manageable level. PIF is a long only fund and cannot undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

## Risk Profile

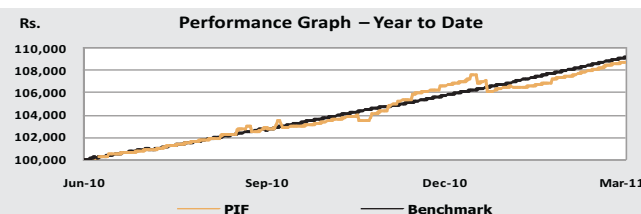


## FUND INFORMATION

Fund Type	Open-end
Category	Income Scheme
Fund Launch Date	11 <sup>th</sup> March 2002
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	up to 1.35%
Management Fee	1.5%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanthi (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)



## Portfolio Ratings Profile (% of Net Assets)

	Mar'11
Govt. securities (AAA)	62.3
AA+	1.2
AA	20.6
AA-	7.1
A+	4.0
A	0.8
A-	0
BBB+ and below	3.9

## Portfolio Characteristics

	Mar'11	Feb'11
Duration (Days)	58	64
Avg. Portfolio Maturity (Years)	1.37	1.42
Net Assets (Rs. bn)	1.90	1.89
NAV (Rs. per unit)	51.45*	52.29
* Ex-Dividend		

## Fund Returns (%)

	Mar'11	Feb'11
Month on Month (Annualised)	14.89	11.06
Benchmark Month on Month *	13.12	13.50
Quarter on Quarter (Annualised)	7.74	11.89
FY'11 to date (Annualised)	11.72	11.17
Since Inception (CAGR)	10.58	10.53

\* Benchmark is 75% 6M KIBOR + 25% 3M PKRV

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	1.2	1.5
T-bills (Govt. securities)	60.0	66.0
Ijara Sukuk	2.6	2.7
Term Finance Certificates	28.0	28.0
Term Deposit Receipts	7.9	0.0
Other assets (net of liabilities)	0.3	1.8

## Top Ten TFCs (as % of Net Assets)

			26.7
Engro Fertilizer Ltd. - PRP 1	7.2	Pace Pakistan Limited	1.7
United Bank Ltd. - III	4.0	Telecard Limited	1.6
Askari Commercial Bank Ltd. - I	3.6	Askari Commercial Bank Ltd. - III	1.6
KASB Securities	2.2	Bank Al-Habib - II	1.5
Bank Al-Falah Ltd. - IV (Floating)	1.9	Trust Investment Bank Limited-IV	1.4

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
Maple Leaf Cement Ltd.	Sukuk	6.53	-	6.53	0.34%	0.34%
PACE Pakistan Ltd.	TFC	32.5	-	32.5	1.71%	1.70%

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# METROBANK-PAKISTAN SOVEREIGN FUND (MSF)

MARCH 2011

Fund Stability Rating: AA (PACRA)

Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

## PERFORMANCE REVIEW

MSF delivered an annualized return of 12.33% in March'11 with YTD return of 9% since July'10. In view of stable interest rate prospects during the next quarter FY11, exposure in T-bills was reduced to 78% from 82% last month and investment in 10 years PIB was made up to 3.5% of net assets, taking total exposure in PIB to 12.8% at the end of the month from 9.3% last month. Sub scheme(12/12) was 5.7% and Govt Ijara Sukuk was 2.6% of net assets. The SBP kept the discount rate unchanged in its bi-monthly Monetary Policy announced on 24th of this month. The weighted average maturity of MSF was increased to 190 days from 93 days last month resulting in subsequent rise in duration of the Fund which stood at 114 days at the end of the month.

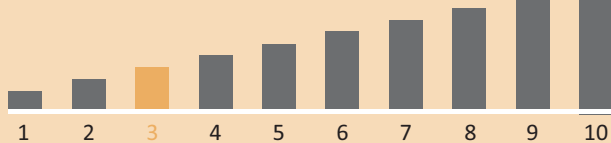
## Fund Objective

The objective of the Fund is to deliver income, primarily, from investment in Government Securities.

## Fund Profile

MetroBank-Pakistan Sovereign Fund - Perpetual (MSF) is an Open-end Fund, which invests in Bonds and Debt securities issued by the Government of Pakistan as well as Reverse Repurchase transactions (Reverse-REPOs) against Government securities. MSF is a long only fund and does not undertake leveraged investments. Under the NBFC Rules, it is only allowed to borrow up to 15% of net assets for up to 90 days to meet redemption needs.

## Risk Profile



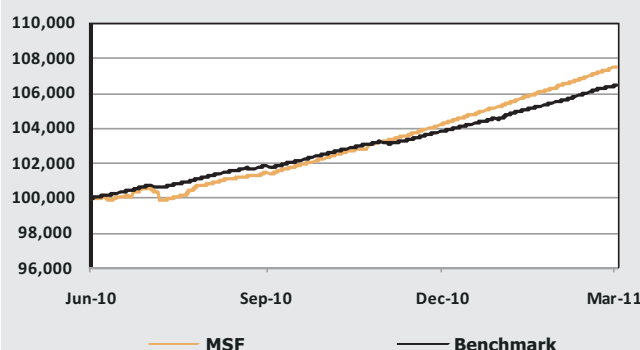
## FUND INFORMATION

Fund Type	Open-end
Category	Income Scheme
Fund Launch Date	1 <sup>st</sup> March 2003
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjee Registrars Services (Pvt.) Ltd.
Trustees	Central Depository Company of Pakistan Ltd. (CDC)
Auditors	A. F. Ferguson & Co., Chartered Accountants (a member firm of PWC)
Front-end load	0.1%
Management Fee	Lower of 1.5% of net assets or 10% of operating revenue
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 50.00
Minimum Investment	100 units

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)

## Performance Graph – Year to Date



## Portfolio Characteristics

	Mar'11	Feb'11
Duration (Years)	0.31	0.18
Avg. Portfolio Maturity (Years)	0.52	0.25
Net Assets (Rs. bn)	1.91	1.89
NAV (Rs. Per unit)	51.14	50.61

## Fund Returns (%)

	MSF-Perpetual		MSF 12/12	
	Mar'11	Feb'11	Mar'11	Feb'11
Month on Month (Annualized)	12.33	12.74	13.45	12.62
Benchmark Month on Month* (Annualized)	10.65	11.13	-	-
Quarter on Quarter (Annualized)	12.42	12.18	12.30	9.57
FY'11 to date (Annualized)	9.08	9.56	9.08	8.43
Since Inception (CAGR)	5.59	5.51	5.97	5.90

\*Benchmark is 12M PKRV

## Portfolio Ratings Profile (% of Net Assets)

	Mar'11
Govt. securities (AAA)	99.49
AA+	0.51

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	0.2	0.6
T-bills (Govt. securities)	78.4	81.6
PIBs (Govt. securities)	12.8	9.3
MSF 12/12 Sub-Fund	5.7	5.7
Ijara Sukuk	2.6	2.7
Other assets (net of liabilities)	0.3	0.1

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

# PAKISTAN CASH MANAGEMENT FUND (PCF)

MARCH 2011

**Fund Stability Rating: AAA (PACRA)**

**Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)**

## PERFORMANCE REVIEW

PCF delivered an annualized return of 11.71% in March'11 with YTD return of 11.71% since July'10. In view of stable interest rate prospects during the next quarter FY11, the Fund deployed 15.2% of net assets in 77 days T-bills. The weighted average duration of the Fund was 36 days at month's end. The SBP kept the discount rate unchanged in its bi-monthly Monetary Policy announced on 24th of this month. Investment in T-bills was 99.8% of net assets. The net assets were Rs 2.39 bn at month's end. As per Fund's policy, PCF declared monthly dividend of Re. 0.42/unit with a cumulative dividend yield of 10.10% for 9 months FY11.

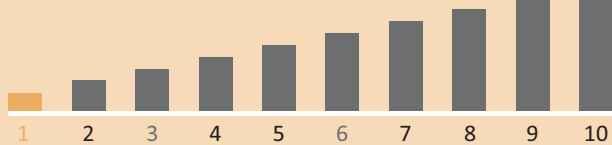
## Fund Objective

The Fund aims to deliver regular income and provide high level of liquidity, primarily, from short duration Government Securities Investments.

## Fund Profile

Pakistan Cash Management Fund (PCF) is an Open-end Fund, which invests in Government securities, mainly Treasury bills and short-maturity reverse repurchase transactions against Government Securities. The un-invested funds are kept in deposits with minimum AA-rated commercial banks. The overall maturity of the portfolio is kept below 90 days, in order to keep interest rate risk at a relatively low and manageable level and provide high liquidity to investors, comparable to Current Account Deposits with banks. PCF is a long only Fund.

## Risk Profile

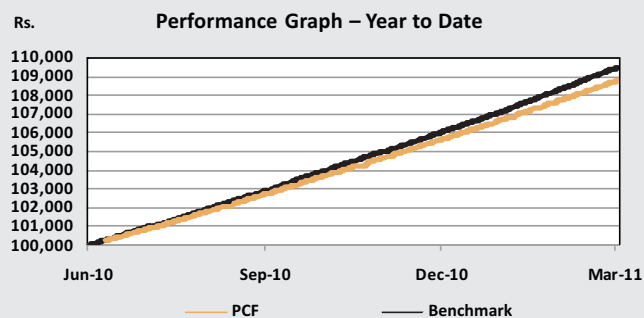


## FUND INFORMATION

Fund Type	Open-end
Category	Money Market Scheme
Fund Launch Date	20 <sup>th</sup> March 2008
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	Habib Metropolitan Bank Ltd
Auditors	A. F. Ferguson & Co., Chartered Accountants (a member firm of PWC)
Front-end load	None
Back-end load	0.1% if redeemed within 3 days
Management Fee	10% of Gross Earning subject to min fee of 0.25% of Net Assets, whichever is higher.
Pricing Mechanism	Backward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 10:00 a.m., Mondays to Saturdays.
Initial Public Offer	PKR 50.00
Minimum Investment	PKR 5,000

## Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanthi (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)
- Mr. Nadeem Ali Khan (Fund Manager)



## Portfolio Characteristics

	Mar'11	Feb'11
Duration (Days)	36	45
Net Assets (Rs. bn)	2.39	3.08
NAV (Rs. Per unit)	50.5390*	50.4580*
* Ex-dividend		

## Fund Returns (% p.a.)

	Mar'11	Feb'11
Month on Month (Annualised)	11.71	12.07
Benchmark Month on Month*	13.16	13.85
Quarter on Quarter (Annualised)	11.85	11.74
FY'11 to date (Annualised)	11.71	11.59
Since Inception (CAGR)	11.41	11.38
Cumulative Dividend Yield	10.58 <sup>1</sup>	10.57 <sup>1</sup>

<sup>1</sup> Since inception

\* Benchmark is 3M PKRV

## Portfolio Ratings Profile (% of Net Assets)

	Mar'11
Govt. securities (AAA)	99.8
AA+	0.2

## Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	0.1	0.2
T-bills (Govt. securities)	99.8	99.8
Other assets (net of liabilities)	0.1	-

## Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk



## Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

### PERFORMANCE REVIEW

**Equity Sub Fund:** Equity Sub Fund's NAV grew by 7.12% as compared to KSE 100 Index rise of 4.6%. Most of the key stock holdings in the portfolio outperformed with the exception of Searl, Hubco, PSO and BAH. Equity exposure has reduced to 91.9% from 93.1% a month earlier.

**Debt Sub Fund:** Debt Sub Fund's NAV growth during the month was 20.18% (annualized). Above average return was due to upward price movement of TFC portfolio. New inflows into the Fund were invested in short dated T-Bills. At month-end, TFCs, T-bills and PIBs represented 13.7%, 34.6% and 47.9% of net assets.

**Money Market Sub Fund:** NAV growth of the Sub Fund was annualized 11.1%. New inflows were invested in short dated T-Bills. At month end, T-Bills were 98.9% of net assets.

### Fund Objective

The objective of the Fund is to provide a flexible retirement savings plan for individuals with customised investment choices.

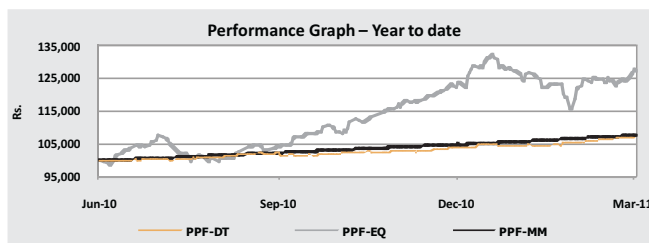
### Fund Profile

PPF is a flexible savings cum investment plan under the Voluntary Pension System which facilitates all individuals who are Pakistani nationals, to save for their retirement in a systematic way, and allows special tax rebate on the contributions under this system. The investor has a choice between various allocation schemes that PPF offers, each of which is invested in different proportions in the three Sub-Funds: Equity, Debt and Money Market.

**Equity Sub-Fund** invests up to 90% of its assets in equity securities. Sector/Stock selection is done on the basis of fundamental outlook and DCF valuations.

**Debt Sub-Fund** invests in Govt. bonds of duration of less than 5 years.

**Money Market Sub-Fund** invests in short dated money market instruments including Treasury bills.



### PPF-Equity (as % of Net Assets)

	Mar'11	Feb'11
Cash	6.8	6.2
Chemicals	20.7	20.3
Banks	16.3	17.7
Oil & Gas	11.2	11.6
Personal Goods	10.2	7.9
Electricity	7.2	8.3
Other equity sectors	26.3	27.3
Other assets (net of liabilities)	1.3	0.7

### PPF-Debt (as % of Net Assets)

	Mar'11	Feb'11
Cash	3.1	1.5
PIBs	47.9	47.8
TFCs	13.7	13.5
T-bills	34.6	36.3
Other assets (net of liabilities)	0.8	1.0

### PPF-Money Market (as % of Net Assets)

	Mar'11	Feb'11
Cash	1.0	0.5
T-bills	98.9	99.4
Other assets (net of liabilities)	0.1	0.1

### Fund Returns & Net Assets

	PPF-EQ*	PPF-DT**	PPF-MM**
Month on Month %	7.12	20.18	11.09
Quarter on Quarter %	2.70	13.18	11.18
FY 11 to date %	27.40	9.72	10.4
Since Inception % (CAGR)	5.16	7.36	8.79
Net Assets (Rs. mn)	60.52	78.55	63.96
NAV (Rs. Per unit)	105.16	130.56	137.18
* Total Return ** Annualized Return			

### PPF-Equity Top Ten Holdings (as % of Net Assets)

Engro Corp. Ltd.	5.3%	Pakistan Petroleum Ltd.	4.5%
ICI Pakistan Ltd.	4.8%	International Industries Ltd.	4.4%
Packages Oilfields Ltd.	4.8%	Allied Bank Ltd.	4.3%
Pakistan Oilfields Ltd.	4.6%	Pak Electron Ltd.	4.3%
Nishat Mills Ltd.	4.5%	Meezan Bank Ltd.	4.2%

#### FUND INFORMATION

Fund Type	Open-end
Category	Voluntary Pension Scheme
Fund Launch Date	29 <sup>th</sup> June 2007
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	MCB Financial Services (Pvt.) Ltd.
Auditors	M. Yousaf Adil Saleem & Co., Chartered Accountants (a member firm of Deloitte Touche Tohmatsu)
Front-end load	3%
Management Fee	1.5%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 100.00
Minimum Investment	PKR 1,000

#### Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehtani (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

## Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

### PERFORMANCE REVIEW

**Equity Sub Fund:** Equity Sub Fund's NAV grew by 7.95% as compared to its benchmark (KMI 30) upward movement of 7.45%. Among major holdings, outperformance was contributed by ICI, Packages, PPL, POL, PAEL and FFC. On the other hand, Searle, Hubco and PSO underperformed. The Fund reduced its equity exposure to 92.33% of net assets from 95.4% a month earlier.

**Debt Sub Fund:** Debt Sub Fund's annualized return during the month was 12.54%. Lower return was due to the downward price movement of corporate sukuk portfolio. At month end, GIS sukuk was 89.6% of net assets, while corporate sukus and bank deposits were 2.6% and 7.1% of net assets, respectively.

**Money Market Sub fund:** Money market Sub Fund's annualized return during the month was 6.07%. No major alteration was made in portfolio composition. At month-end, the Sub Fund was 52.6% in GIS sukuk, 19.8% in COI (banks) and 26.3% in bank deposits.

### Fund Objective

The objective of the Fund is to provide a flexible retirement savings Plan for individuals with customized investment choices in Shariah-compliant assets.

### Fund Profile

PIPF is a flexible savings cum investment Plan under the Voluntary Pension System which facilitates all individuals, who are Pakistani nationals, to save for their retirement in a systematic way and allows special tax rebate on the contributions under this system. The investor has a choice between various allocation schemes that PIPF offers, each of which is invested in different proportions in the three Sub-Funds: Equity, Debt and Money Market.

**Equity Sub-Fund** invests upto 90% of its assets in equity securities. Sector/Stock selection is done on the basis of fundamental outlook and DCF valuations and meeting Shariah compliance criteria.

**Debt Sub-Fund** invests in Sukuk and other Shariah compliant debt instruments of duration of less than 5 years.

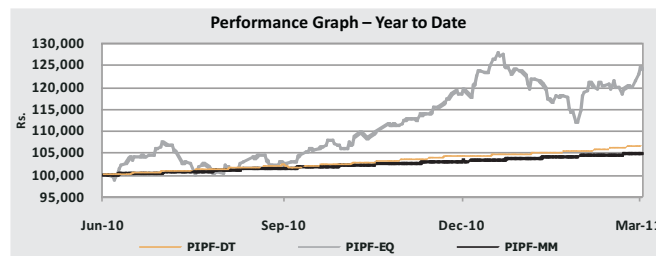
**Money Market Sub-Fund** invests in short dated Shariah compliant money market instruments.

#### FUND INFORMATION

Fund Type	Open-end
Category	Islamic Voluntary Pension Scheme
Fund Launch Date	15 <sup>th</sup> November 2007
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	MCB Financial Services (Pvt.) Ltd.
Auditors	M. Yousaf Adil Saleem & Co., Chartered Accountants (a member firm of Deloitte Touche Tohmatsu)
Front-end load	3%
Management Fee	1.5%
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Fridays) except public holidays.
Redemption Days	Daily (Mondays to Fridays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 100.00
Minimum Investment	PKR 1,000

#### Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Ms. Nazia Nauman (Head of Equity Funds)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)



#### PIPF-Equity (as % of Net Assets)

	Mar'11	Feb'11
Cash	6.8	4.1
Oil & Gas	22.7	23.3
Chemicals	18.7	18.1
General Industrials	11.5	11.4
Personal Goods	8.7	9.0
Pharma & Biotech	7.3	9.4
Automobile & Parts	7.8	8.1
Other equity sectors	15.6	16.2
Other assets (net of liabilities)	0.9	0.5

#### PIPF-Debt (as % of Net Assets)

	Mar'11	Feb'11
Cash	7.1	18.7
Govt. Ijara Sukuk	89.6	73.8
Sukuk	2.6	2.9
Other assets (net of liabilities)	0.7	4.5

#### PIPF-Money Market (as % of Net Assets)

	Mar'11	Feb'11
Cash	26.3	50.8
Govt. Ijara Sukuk	52.6	26.7
COIs	19.8	19.9
Other assets (net of liabilities)	1.3	2.6

#### Fund Returns & Net Assets

	PIPF-EQ*	PIPF-DT**	PIPF-MM**
Month on Month %	7.95	12.54	6.07
Quarter on Quarter %	3.98	9.53	6.61
FY 11 to date %	23.89	8.77	6.42
Since Inception % (CAGR)	11.29	8.68	6.22
Net Assets (Rs. mn)	40.63	44.58	38.34
NAV (Rs. Per unit)	111.29	132.87	122.88
* Total Return ** Annualized Return			

#### PIPF-Equity Top Ten Holdings (as % of Net Assets)

Pakistan Oilfields Ltd.	9.5%	Fauji Fertilizer Co. Ltd.	6.4%
Pakistan Petroleum Ltd.	8.8%	Searle Pakistan Ltd.	5.8%
Packages Ltd.	7.9%	Pak Electron Ltd.	5.8%
Nishat Mills Ltd.	7.4%	Hub Power Co. Ltd.	5.4%
ICI Pakistan Ltd.	7.1%	Agriauto Industries Ltd.	4.6%

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

## Asset Manager Rating: AM2 (Positive Outlook) - (PACRA)

### PERFORMANCE REVIEW

PCPF-FIS delivered an annualized return of 13.27% in March'11 with YTD return of 9.12% since July'10. Higher return during the month was due to valuation gains in TFC portfolio coupled with switching of 7.2% of net assets from T-bill to high yield 6-month commercial paper of NBFI. At present about 69.5% of net assets is in TDR with HMB as Capital Protection segment of the fund. Investment in TFCs is 7.1% of net assets which comprises of TFCs of Bank and Investment Bank and Sukuk of House Hold Goods sector with a minimum rating of A. Investment in T-bills is 1.8% at the end of March 2011. Funds under management are Rs. 259.6 million at month's end.

### Fund Objective

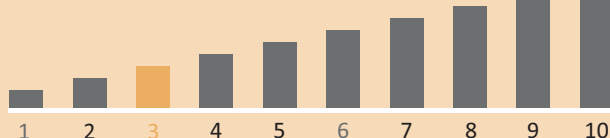
The objective of the Fund is to provide 100% capital protection (net of front-end load) and maximise the return earned from Fixed Income, Money and Debt Market instruments.

### Fund Profile

Pakistan Capital Protected Fund-Fixed Income Securities (PCPF-FIS) is an Open-end Fund. At inception, about 81.85% of the Fund was invested in bank deposits with Habib Metropolitan Bank that will yield a future value at maturity equivalent to the initial size of the Fund (plus Fund expenses), providing 100% protection of total initial investment (net of all expenses and front end load) to the investors.

The remaining funds are invested in fixed income securities, aimed at providing investors an opportunity to earn high return relative to bank deposits. Under the NBFC rules, the Fund is not allowed to borrow.

### Risk Profile

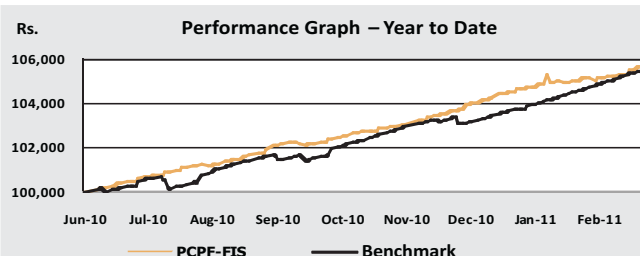


### FUND INFORMATION

Fund Type	Open-end
Category	Capital Protected Fund
Fund Launch Date	16 <sup>th</sup> February 2010
Currency	PKR
Fund Manager	Arif Habib Investments Limited
Registrar	Gangjees Registrar Services (Pvt.) Ltd.
Trustees	MCB Financial Services (Pvt.) Ltd.
Auditors	KPMG Taseer Hadi & Co., Chartered Accountants
Front-end load	3% of the initial investment (during initial period)
Management Fee	1.5% per annum of the average net assets of the Fund
Pricing Mechanism	Forward pricing
Valuation Days	Daily (Mondays to Saturdays) except public holidays.
Redemption Days	Daily (Mondays to Saturdays) except public holidays.
Subscription Days	Each valuation day.
Cut-off Time	Before 5:00 p.m., Mondays to Fridays, and before 12:15 p.m. on Saturdays
Initial Public Offer	PKR 10.00
Minimum Investment	PKR 5,000

### Investment Committee

- Mr. Basharat Ullah (Director, Investments)
- Mr. Zeeshan (Director, Finance)
- Mr. Ahsan Mehanti (Director, Wealth Management)
- Mr. Tariq Hashmi (Director, Business Development & Strategy)
- Mr. Zafar Rehman (Head of Debt & Money Market Funds)
- Mr. Muhammad Imran Khan (Head of Research)
- Mr. Muhammad Nadeem Ali Khan (Fund Manager)



### Portfolio Characteristics

	Mar'11	Feb'11
Duration (Days)	420	383
Avg. Portfolio Maturity (Years)	1.3	1.2
Net Assets (Rs. bn)	259.6	256.7
NAV (Rs. Per unit)	10.77	10.65

### Fund Returns (%)

	Mar'11	Feb'11
Month on Month (Annualised)	13.27	7.39
Benchmark Month on Month*	12.49	12.35
Quarter on Quarter (Annualised)	8.85	8.55
FY'11 to date (Annualised)	9.12	8.49
Since Inception (CAGR)	10.20	9.89

\* Benchmark is PKRV Yield (for 2.5 Years) + 200bps (For Investment Segment only)

### Portfolio Ratings Profile (% of Net Assets)

	Mar'11
Govt. securities (AAA)	1.8
AA+	85.0
AA	0.0
AA-	1.0
A+	11.0
A	1.2
A-	0.0
BBB+ and below	0.0

### Asset Allocation (as % of Net Assets)

	Mar'11	Feb'11
Cash	0.0	5.6
T-bills (Govt. securities)	1.8	7.3
Ijara Sukuk	0.0	0.0
Term Finance Certificates	7.1	8.7
Term Deposit Receipts	69.5	70.3
Commercial Paper	7.2	0.0
Other assets (net of liabilities)	14.4	8.1

### Top Ten TFCs (as % of Net Assets)

Pak Electron Limited -I (Sukuk)	3.8	Escorts Investment Bank Limited	2.3
Bank Al-Falah Ltd -IV (Floating)	1.0		

### Non-compliant Investments

Name of investment	Type	Value before (Rs mn)	Provision (Rs mn)	Value after (Rs mn)	% of net assets	% of gross assets
-	-	-	-	-	-	-

This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any Fund. All investments in mutual funds are subject to market risks. The NAV-based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not, necessarily, indicative of future results.

Arif Habib Investments Limited  
Arif Habib Centre, 23, M. T. Khan Road,  
Karachi, Pakistan.  
Tel: (92-21) 111-468-378 (111-INVEST)  
www.arifhabib.com.pk  
Email: marketing@arifhabib.com.pk

Asset Manager Rating  
'AM2' Positive Outlook (by PACRA)



**Head Office:**

Karachi:  
Arif Habib Centre,  
23 M. T. Khan Road, Karachi-74000, Pakistan.  
Tel: (+92-21) 111-468-378 (111-INVEST)  
Fax: (+92-21) 32470351, 32470337  
E-mail: [marketing@arifhabib.com.pk](mailto:marketing@arifhabib.com.pk)  
Website: [www.arifhabib.com.pk](http://www.arifhabib.com.pk)

**Branches:**

Lahore:  
Contact Person: Mr. Tanveer Ahmad Haral  
16, Block-A, Hali Road, Gulberg II, Lahore.  
Tel: (+92-42) 111-468-378 (111-INVEST), 35714958, 35714959  
Fax: (+92-42) 35714957  
E-mail: [lhr.mkt@arifhabib.com.pk](mailto:lhr.mkt@arifhabib.com.pk)

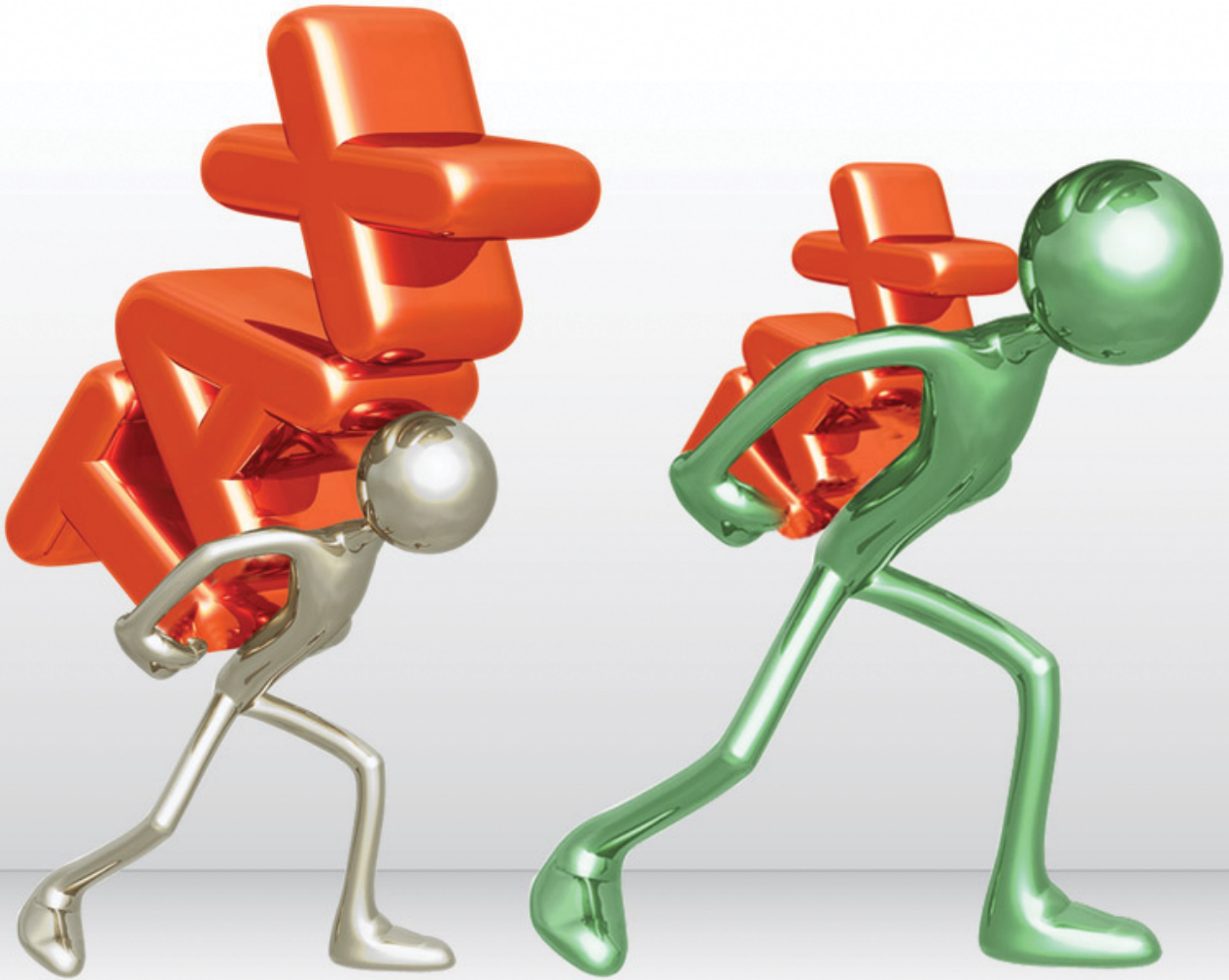
Rawalpindi:  
Contact Person: Mr. Zahiruddin Khan  
60-A, Canning Road, Rawalpindi-46000.  
Tel: (+92-51) 111-468-378 (111-INVEST), 5564093  
Fax: (+92-51) 5563091  
E-mail: [rwp.mkt@arifhabib.com.pk](mailto:rwp.mkt@arifhabib.com.pk)

Islamabad:  
Contact Person: Mr. Nadeem Ishtiaq  
15 Beverly Centre, 2nd Floor,  
Blue Area, Jinnah Avenue, Islamabad.  
Tel: (+92-51) 2875939-2814189  
Fax: (+92-51) 2814199  
E-mail: [isl.mkt@arifhabib.com.pk](mailto:isl.mkt@arifhabib.com.pk)

Multan:  
Contact Person: Syed Nawazish Ali Zaidi  
143-144, Mall Plaza, Multan Cantt., Multan.  
Tel: (+92-61) 111-468-378 (111-INVEST), 4546235, 6014125  
Fax: (+92-61) 4546235  
E-mail: [mul.mkt@arifhabib.com.pk](mailto:mul.mkt@arifhabib.com.pk)

Peshawar:  
Contact Person: Mr. Iltifatullah Khan  
1st Floor, State Life Building, 34 The Mall, Peshawar.  
Tel: (+92-91) 111-468-378 (111-INVEST), 5287696  
Fax: (+92-91) 5287697  
E-mail: [psw.mkt@arifhabib.com.pk](mailto:psw.mkt@arifhabib.com.pk)





## INVEST IN AHI FUNDS AND REDUCE YOUR TAX BURDEN

Invest in Arif Habib Investments (AHI) Funds and get tax credit (Rebate) of upto\* rupees:

	Salaried	Non-Salaried
Open-end Funds	60,000	75,000
Voluntary Pension Scheme	100,000	125,000
<b>Total Rebate Amount</b>	<b>160,000</b>	<b>200,000</b>

AHI-Inhouse



Toll Free No.0800-02020



[www.arifhabib.com.pk](http://www.arifhabib.com.pk)



[www.facebook.com/AHI.Funds](https://www.facebook.com/AHI.Funds)



**Arif Habib  
Investments**

Pakistan Mutual Funds

*An Investment Plan for Everyone*

\* Annual taxable income to be > Rs. 8.65 million to obtain maximum tax credit on investment greater than 500,000 for pension & 300,000 for mutual funds. Tax credit can be availed if the amount remains invested for one year. Tax credit depends on the current tax laws and your tax status.

# IS THERE ANY LEGAL INVESTMENT VEHICLE WHICH GIVES US TAX FREE RETURNS AND REDUCES OUR TAX LIABILITY...?

The answer is Mutual Funds and Pension Funds (VPS), providing the best option to invest for a better tomorrow as well as post - retirement life.

**Arif Habib Investments helps you Enhance your ROI (Return on Investment)**

**Claim Income Tax Credit upto Rs.1,60,000/- (salaried) & Rs.200,000/- (non-salaried persons)  
Invest in Arif Habib Investments' open-end mutual funds, pension (VPS) funds & investment plans**

*Wow!! I had a similar reaction too when I came to know about it! Read more...*

Open-End Mutual Funds*							
Salaried				Non-Salaried			
Min Salary per month	Tax Rate	Investment Required for Tax Credit	Annual Tax Credit	Min Income per month	Tax Rate	Investment Required for Tax Credit	Annual Tax Credit
25,000.08	0.75%	30,000	225.00	25,000.08	7.50%	30,000	2,250.01
29,166.75	1.50%	35,000	525.00	29,166.75	7.50%	35,000	2,625.01
33,333.42	2.50%	40,000	1,000.00	33,333.42	7.50%	40,000	3,000.01
37,500.08	3.50%	45,000	1,575.00	37,500.08	7.50%	45,000	3,375.01
45,833.42	4.50%	55,000	2,475.00	45,833.42	10.00%	55,000	5,500.01
54,166.75	6.00%	65,000	3,900.01	54,166.75	10.00%	65,000	6,500.01
62,500.08	7.50%	75,000	5,625.01	62,500.08	15.00%	75,000	11,250.02
75,000.08	9.00%	90,000	8,100.01	75,000.08	15.00%	90,000	13,500.02
87,500.08	10.00%	105,000	10,500.01	87,500.08	20.00%	105,000	21,000.02
100,000.08	11.00%	120,000	13,200.01	100,000.08	20.00%	120,000	24,000.02
120,833.42	12.50%	145,000	18,125.01	120,833.42	20.00%	145,000	29,000.02
141,666.75	14.00%	170,000	23,800.01	141,666.75	25.00%	170,000	42,500.03
162,500.08	15.00%	195,000	29,250.02	162,500.08	25.00%	195,000	48,750.03
187,500.08	16.00%	225,000	36,000.02	187,500.08	25.00%	225,000	56,250.03
237,500.08	17.50%	285,000	49,875.02	237,500.08	25.00%	285,000	71,250.03
295,833.42	18.50%	300,000	55,500.00	295,833.42	25.00%	300,000	75,000.00
379,166.75	20.00%	300,000	60,000.00	379,166.75	25.00%	300,000	75,000.00

Voluntary Pension Scheme**							
Salaried				Non-Salaried			
Min Salary per month	Tax Rate	Investment Required for Tax Credit	Annual Tax Credit	Min Income per month	Tax Rate	Investment Required for Tax Credit	Annual Tax Credit
25,000.08	0.75%	60,000	450.00	25,000.08	7.50%	60,000	4,500.02
29,166.75	1.50%	70,000	1,050.00	29,166.75	7.50%	70,000	5,250.02
33,333.42	2.50%	80,000	2,000.01	33,333.42	7.50%	80,000	6,000.02
37,500.08	3.50%	90,000	3,150.01	37,500.08	7.50%	90,000	6,750.02
45,833.42	4.50%	110,000	4,950.01	45,833.42	10.00%	110,000	11,000.02
54,166.75	6.00%	130,000	7,800.01	54,166.75	10.00%	130,000	13,000.02
62,500.08	7.50%	150,000	11,250.02	62,500.08	15.00%	150,000	22,500.03
75,000.08	9.00%	180,000	16,200.02	75,000.08	15.00%	180,000	27,000.03
87,500.08	10.00%	210,000	21,000.02	87,500.08	20.00%	210,000	42,000.04
100,000.08	11.00%	240,000	26,400.02	100,000.08	20.00%	240,000	48,000.04
120,833.42	12.50%	290,000	36,250.03	120,833.42	20.00%	290,000	58,000.04
141,666.75	14.00%	340,000	47,600.03	141,666.75	25.00%	340,000	85,000.05
162,500.08	15.00%	390,000	58,500.03	162,500.08	25.00%	390,000	97,500.05
187,500.08	16.00%	450,000	72,000.03	187,500.08	25.00%	450,000	112,500.05
237,500.08	17.50%	500,000	87,500.00	237,500.08	25.00%	500,000	125,000.00
295,833.42	18.50%	500,000	92,500.00	295,833.42	25.00%	500,000	125,000.00
379,166.75	20.00%	500,000	100,000.00	379,166.75	25.00%	500,000	125,000.00

\* Under section 62 of Income Tax Ordinance 2001 \*\* Under section 63 of Income Tax Ordinance 2001

Today's investor requires suitable investment as well as retirement options that provide good returns. To nurture your investments, Arif Habib Investments Limited has launched a number of mutual funds as well as pension funds.

So, give yourself an opportunity to obtain good returns as well as tax credits by contacting us at:

**Toll Free No: 0800-02020 or Email: [marketing@arifhabib.com.pk](mailto:marketing@arifhabib.com.pk), [invest@arifhabib.com.pk](mailto:invest@arifhabib.com.pk)**

**HAPPY INVESTING 😊**