



SixthSense

June-July 2009

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All Around the Markets
June 2009-July 2009

WALKING THE TIGHT ROPE

Economy: Uncertainty returns

Following the cascade of positive news over the last quarter, the recovery in macroeconomic indicators became much less certain in the new fiscal year. The power deficit which is now estimated at over 3,500MW continued to drag down industrial production as well as fueling discontent amongst the populace. It has now (along with a high interest rate environment) become the single biggest impediment to economic growth. In addition, relations with the IMF cooled off as the government was unable to swallow the prospect of eliminating the power subsidy (around PKR60.0bn) while large parts of the country suffered from prolonged blackouts. Though a compromise has been reached for a phased increase in power tariffs over FY10, the third IMF tranche has been overdue for some time now. The meeting to approve this tranche is due to take place in the first week of Aug09 and it is widely expected that having met the major quantitative targets, the funds should be released. The new Finance Minister has also called for a USD4.0bn credit line from the IMF in case FODP pledges are delayed. This proposal is under consideration and if approved will provide the country with a much needed alternative source of dollar inflows. Inflation continued its downward trend to 13.1% in Jun09 as the high base effect continued to mask the build up of monthly inflationary pressures. In a shock to capital markets, the SBP delayed the announcement of monetary policy as domestic oil prices raised fears of another inflationary spiral, the PKR came under sharp depreciative pressure and foreign assistance failed to materialize. The policy is now expected to be announced on August 15 and the SBP is projected to remain cautious and make a 100bps cut to 13.0%.

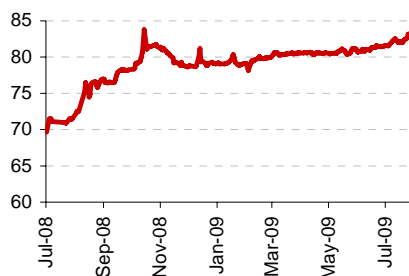
External deficits: Pressures remain

Full year figures for FY09 showed significant improvement over FY08. The trade deficit despite the spike in Jun09 (USD1129mn) narrowed by 16.5% to USD12.5bn. Similarly the services account showed a remarkable improvement of 150% while the income account deficit remained fairly stable at USD4338mn. Worker remittances showed strong growth of 21.1% to end the year over the government's USD7.5bn target at USD7.8bn. As a result the current account deficit dropped by a massive 36.1% to USD8861mn. However lower direct investment which was down by 31.2% to USD3722mn and portfolio outflows of over USD1.0bn meant that the financial account only reached a surplus of USD5.0bn as compared to USD8.1bn in FY08. Consequently the balance of payments experienced a net outflow of USD3.3bn as compared to USD5.5bn in FY08. It is important to note that despite overall improvement, the country's external accounts remain particularly vulnerable to international oil prices, which luckily crashed in FY09. Renewed strength in commodities could spell trouble and push the country's financing needs to unsustainable levels.

Currency: Sentiment remains weak

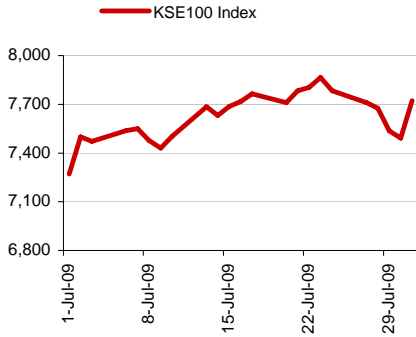
The PKR has over the last month fallen prey to weak sentiment and high demand for USD. The inter-bank market has been driving dollar demand in anticipation of the soon to be handed over responsibility of payments for diesel and other refined products. As a result the PKR has after remaining at around 80.0 for nearly six months now gone beyond the 83.0 mark. Pressure is expected to remain and the PKR is expected to cross the 87.0 mark by the end of FY10. This target has

PKR-USD parity



significant upside risk if pledged dollar inflows do not materialize or commodity prices ensue upon another bull rally.

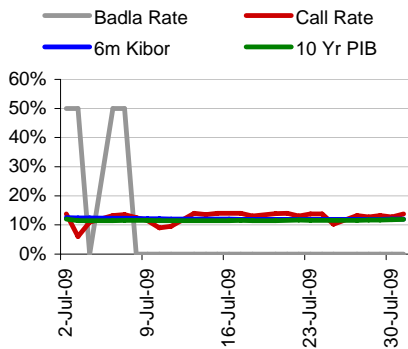
KSE100 Performance



Equities: Great expectations

Following the reintroduction of futures and on expectations of a significant interest rate cut the KSE100 index rallied to over 7,900 in the first 3 weeks of Jul09. However continuation of thin volumes and then delay in monetary policy announcement caused much consternation amongst investors and caused a 5% correction in a week. The corporate season is now in full swing and it is expected that key sectors such as E&P, Cement and Fertilizer will show strong earnings growth which should help drive the market over the 8,000 level. Banks remain plagued by asset quality concerns and narrowing spreads. However future outlook with regards to private sector credit, inflation and consequently interest rates remains uncertain. Lack of liquidity is also playing a factor and could keep the market range bound going forward.

Fixed Income Performance



Money Markets: Disappointed

Liquidity remains the key issue. Money market rates consolidated and then inched upwards as the cut off yield in the last T-bill auction was increased. KIBOR which had fallen below 12.0% climbed back, while secondary market yields for the long term bonds also reversed the decline witnessed during the last couple of weeks. Market consensus has changed following the delay in MPS, where earlier expectations of 150-200bps cut have now been revised downwards to 50-100bps. Inter-bank rates are expected to consolidate at these levels and could see upside pressure as demand for dollars and government paper auctions suck away PKR liquidity.

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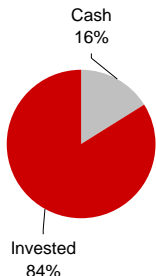
Industry Update for June 2009 - July 2009

INDUSTRY UPDATE: SILVER LINING IS VISIBLE

FY09 was a challenging year for the mutual fund industry. AUMs declined by 40% YoY, TFCs witnessed downward repricing in Nov08, equities suffered from a price floor at KSE and a general loss of investor confidence added to the woes of this 'evolving' industry. The outgoing year also witnessed an addition of 11 new funds, increasing the total number from 66 in FY08 to 75 in FY09. While the total size of the industry shrunk from PKR287.3bn of AUMs in FY08 to PKR171.2bn in FY09, FAYSAL Funds was the only AMC to grow 6% in size. Amongst the top ten AMCs, KASB lost 58% of its AUMs in FY09 followed by NAFA and JS at 56% and 53% respectively while smaller asset managers posted 56% decline in their AUMs during the same period.

It is commendable to note that in Jun09, ABL AMC, FAYSAL, and AHI registered 20%, 11%, and 8% MoM respective increases in their fund sizes when others continued to post declines. NIT continued to be the largest fund with PKR50.2bn of assets followed by UBL and NAFA at PKR21.1bn and PKR14.3bn respectively. Going forward, we anticipate AMCs to launch new funds along with adding specialized categories to their portfolios. A favorable regulatory environment for the mutual fund industry in Pakistan, tax benefit for investors, and enhanced economic activity should attract fresh inflows of investment. Fund managers would, therefore, be required to be pro-active in their approach towards investment strategy to keep up with the developments in the financial industry and yield maximum possible returns for their investors.

Percentage invested



Source: BMA Research

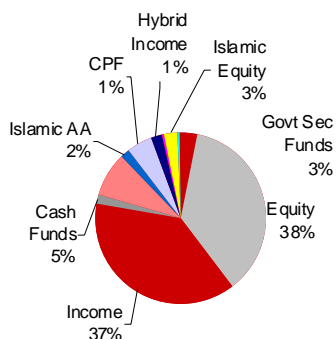
AUM Analysis

AUM (PKR mn)					
No.	Fund Manager	Jun09	May09	MoM % ▲	FY09 %▲
1	NIT	50,193	50,770	-1%	-41%
2	UBL Funds	21,063	21,673	-3%	-24%
3	NAFA	14,276	14,793	-3%	-56%
4	JS	12,386	12,494	-1%	-53%
5	MCB	10,844	11,587	-6%	-30%
6	AHI	8,708	8,053	8%	-26%
7	Meezan	8,610	8,775	-2%	-27%
8	FAYSAL	7,785	6,992	11%	6%
9	ABL	6,872	5,746	20%	N/A
10	KASB	4,612	4,963	-7%	-58%
11	Others	25,883	28,337	-9%	-56%
Total		171,232	174,183	-2%	-40%

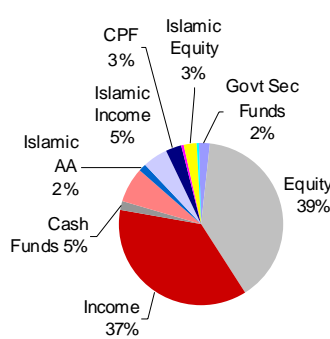
Source: BMA Research, Fund Manager Reports

In terms of AUM market share, Income funds registered an increase of 1% MoM while equity funds posted a decline of 2%. Going forward, greater interest is likely to be seen on the fixed income and government securities' side as investors look for reliability and safety of their investments.

Jun09 AUMs by Category



May09 AUMs by Category



Number of Funds

Fund Category	Jun09	May09
Income	23	23
Equity	12	12
Balanced and AA	11	11
Cash Funds	3	2
Govt Securities	4	3
Islamic Asset Allocation	6	6
Hybrid Income	1	1
Capital Protected	5	5
Islamic Equity	3	3
Islamic Income	6	6
Index Tracker	2	2
Fund of Funds	1	1
Total	77	75

Source: BMA Research

Pakistan Management Quality Ratings Update

The two rating agencies, JCR-VIS and PACRA have released revised ratings of the Asset Management Companies of Pakistan. JCR has maintained the same ratings for 6 companies, downgraded for 3, upgraded for 2, and withdrawn for 3. It has also issued ratings to two AMCs (ABL AMC and Magnus Investment Advisors) for the first time. Management Quality Ratings of BMA Funds and UBL Fund Managers have been reaffirmed at AM2- which is the highest issued by JCR –VIS.

PACRA, on the other hand, has maintained ratings for 10 AMCs, downgraded for 2, and upgraded for 1. JS Investments continued to be at the top with AM2+ followed by Arif Habib Investments (AHI) at AM2. IGI Funds' rating was upgraded from AM3- to AM3 by the company whereas NAFA and Dawood Capital were downgraded. These ratings are highlighted below:

AMC Ratings Update

S. #	AMCs Rated by JCR-VIS	2009	2008	Rating Action
1	BMA Funds	AM2-	AM2-	Maintained
2	UBL Fund Managers	AM2-	AM2-	Maintained
3	Al-Meezan Inv. Management	AM2-	AM2	Downgrade
4	NAFA Asset Management	-	AM2-	Withdrawn
5	National Investment Trust	-	AM2	Withdrawn
6	Faysal Asset Management	AM3+	AM3+	Maintained
7	Pak Oman Investment	AM3+	AM3+	Maintained
8	KASB Funds Limited	AM3+	AM2-	Downgrade
9	PICIC Investment Management	AM3	AM3-	Upgrade
10	HBL Asset Management	AM3	AM3	Maintained
11	ABL Asset Management	AM3	N/A	Initial
12	Magnus Investment Advisors	AM3	N/A	Initial
13	AKD Investment Management	AM3	AM3+	Downgrade
14	National Asset Management	AM3-	AM3-	Maintained
15	Noman Abid Inv Management	AM-DS	AM3-	Developing Situation
16	Crosby Asset Management	AM4+	AM4-	Upgrade
17	AMZ Asset Management	AM4-	AM3-	Downgrade
18	WE Investment Management	N/A	AM4+	Withdrawn
S. #	AMCs Rated by PACRA	2009	2008	Rating Action
1	JS Investments	AM2+	AM2+	Maintained
2	Arif Habib Investments	AM2	AM2	Maintained
3	National Investment Trust	AM2-	AM2-	Maintained
4	NAFA Asset Management	AM2-	AM2	Downgrade
5	Atlas Asset Management	AM3+	AM3+	Maintained
6	MCB Asset Management	AM3+	AM3+	Maintained
7	IGI Funds	AM3	AM3-	Upgrade
8	Alfalal GHP	AM3	AM3	Maintained
9	Askari Asset Management	AM3	AM3	Maintained
10	Habib Asset Management	AM3-	AM3-	Maintained
11	First Capital Investment	AM4+	AM4+	Maintained
12	Dawood Capital	AM4+	AM3+	Downgrade
13	Alliance Investment Management	AM4-	AM4-	Maintained

Source: JSCR, PACRA websites

Reclassification of funds:

We have added a new category of funds, Government Securities Funds, to this issue of SixthSense. Furthermore, we have also reclassified AHI MSF and AHI PCF as Government Securities Funds from Cash Funds previously. This was done in the light of their investment strategies and fund manager's request. Additionally, Meezan CF has been included in the Cash Funds category.

Recommendation: Invest in income funds with strong asset quality and preference for high-yielding government bonds

Funds managing their debt portfolios with a bias for high-yielding government securities are preferable. A long term perspective is necessary to ensure taking advantage of capital gains from debt instruments in the current declining interest rates.

3

Cash Funds

**Performance Review and
Outlook**

July 24, 2009

LOOKING GOOD AND GETTING BETTER

Returns¹: Comparable to bank deposits

FAYSAL SGF and ABL IF demonstrated strong competition amongst each other in 1M yielding 13.42% and 13.41% respectively. Meezan CF has now joined the category and will add to the pressure. Cash funds attracted the highest investment in FY09 expanding 244% in size from PKR4.0bn in FY08 to PKR13.9bn in FY09 and increasing in number from 1 to 3 in the same period. This reflects investor awareness of comparative advantage of investing in a mutual fund compared to bank deposits

1 Month Returns

- FAYSAL SGF and ABL IF were close at 13.42% and 13.41% respectively
- Meezan CF was launched in mid June and by the 24th of Jul09 it posted 10.56%
- Declining rates on bank deposits and TDRs have shown a direct impact on cash funds with their returns down from an average of 16% in Jan09 to 13.29% in Jul09

6 Month Returns

- ABL IF witnessed the highest returns at 13.38% followed closely by FAYSAL SGF at 13.20%
- Meezan CF has not yet completed its six months

12 Month Returns

- FAYSAL SGF was the only cash fund to be in the industry for over one year and posted 13.45%

Versus Benchmark

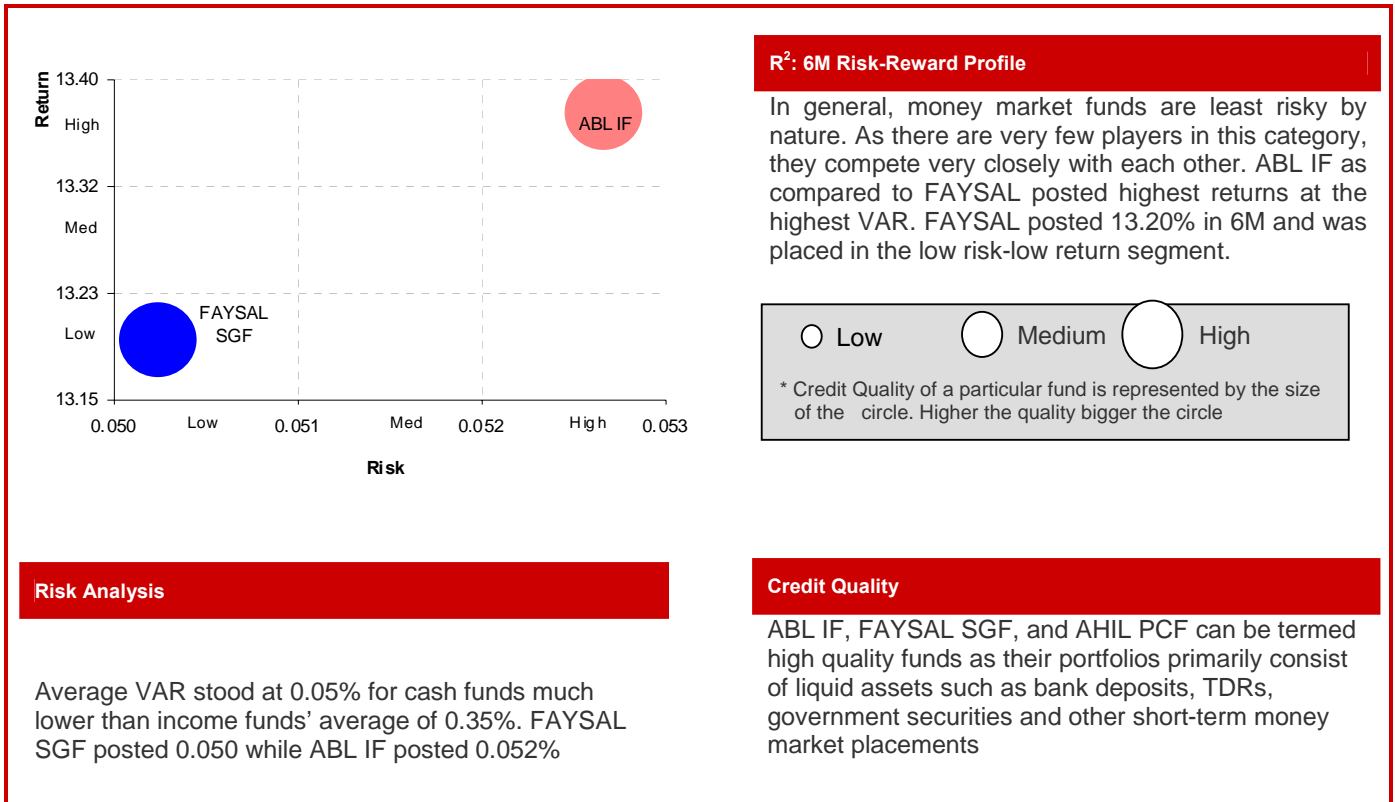
- ABL IF and FAYSAL SGF track 1M KIBOR while Meezan CF has set Bank Deposits as its benchmark
- FAYSAL SGF outperformed 1M KIBOR by 1.22% while ABL IF also outperformed the same by 1.21%
- In 6M and 12M cash funds marginally outperformed 1M KIBOR

Versus Industry

- Average industry returns stood at 13.29%, 13.29%, and 13.45% for 1M, 6M and 12M, respectively
- FAYSAL SGF and ABL IF were at par with the industry on average while Meezan lagged in 1M by 2.73%

¹See Table 1 in the Appendix for complete data

Risk Matrix



Source: BMA Research

Sectoral Weightage: towards bank deposits and TDRs

- FAYSAL SGF was 4% invested in Tills in Mar09 which it has increased to 15% at present while ABL IF was not into government securities at all.
- With rate cut expected in the near future ABL IF increased its TDR proportion from 54% in May09 to 78% in Jun09. At the same time, FAYSAL SGF reduced its bank deposits from 90% last month to 81% in Jun09.

Outlook on Fund Performance Jul09-Aug09 returns

- Cash funds will be looking to maintain liquidity by making placements in high quality depository institutions. Increase in allocation to sovereign debt should also be expected
- These funds will also be looking to lock down some of their portfolios in an environment where more interest rates cuts are likely before the end of CY09

Potential Windfalls

- Similar to income funds, investments in T-Bills and other short-term instruments by cash funds are likely to yield them capital gains in addition to being safe instruments

Red Flags

- Further expectations of decline in discount rate have lowered rates on bank deposits and TDRs which may have an adverse impact on the funds' performance in the next quarter as well

4

Income Funds

Performance Review and
Outlook

July 24, 2009

ROLLING UP ITS SLEEVES

Returns²: towards recovery

Majority of income funds outperformed their benchmarks in 1M and 6M tenor. YoY analysis, however, shows that returns averaged at 9.12% in FY08 which dipped to 5.75% in FY09 mainly due to downward adjustment in TFC prices during the year. At the same time, AUMs posted a 50% decline YoY from PKR124.6bn in FY08 to PKR62.1bn in FY09. We believe AUMs have bottomed out and will see a gradual increase in size in the upcoming year with fresh investment flows and improvement in value of investments.

1 Month Returns

- BMA CSF posted the highest return in 1M at 34.93% and also recorded a 6% MoM increase in its AUM from PKR1.1mn in May09 to PKR1.2mn in Jun09.
- DCM MMF and NAFA IF were next at 34.45% and 30.38% respectively
- 5 funds posted returns in the range of 20% to 30% 1M while 6 funds including UBL GIF, IGI, POBOP, NAFA CF, FIRST HABIB, and JS IF recorded returns of less than 13%

6 Month Returns

- AHI PIEF, NAMCO IF, ATLAS IF, and AHI PIF were in the upper quartile of returns in 6M posting 24.02%, 23.17%, 22.42%, and 22.32% respectively
- ASKARI IF and NAFA IF were next at 19.56% and 18.03% respectively
- 6M analysis suggests that income funds have exhibited commendable performance at 16.68% on average

12 Month Returns

- 12M returns witnessed mixed performance ranging from -1.88% to 15.2%
- NAMCO IF led the way with 15.82% followed by JS IF and AHI PIF at 11.22% and 10.25% respectively
- Average return for 12M stood at 6.58%

Versus Benchmark

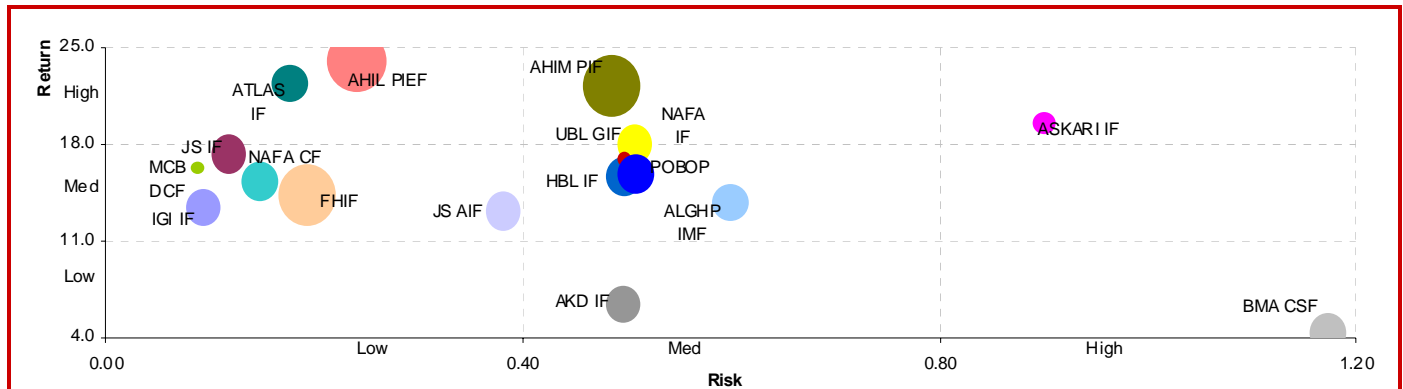
- 1M KIBOR averaged 12.20% in 1M, 3M KIBOR averaged 12.07% while 6M KIBOR averaged 12.22% in 1M
- With the exception of UBL GIF, FIRST HABIB IF, and JS IF all the rest outperformed their benchmarks in 1M. Similarly, BMA CSF and AKD IF underperformed in 6M
- BMA CSF outperformed 1M KIBOR by 22.73% in 1M followed by DCM MMF at 22.25%. NAFA IF and JS AIF were next at 18.17% and 17.64% respectively

²See Table 2 in the Appendix for complete data

Versus Industry

- Average industry returns stood at 15.20%, 16.68% and 6.58% for 1M, 6M and 12M, respectively
- BMA CSF led the way in 1M with an outperformance of 19.73% relative to its peers
- AHI PIF and AHI PIEF also witnessed an average outperformance of 6.64% and 4.01% respectively
- AHI PIF, ATLAS IF, and NAMCO IF were the only funds to outperform industry in all the three periods

Risk Matrix



R¹: 6M Risk-Reward Profile

ATLAS IF and AHIL PIEF fell in the low risk – high return zone with medium and high asset quality respectively. MCB DCF and IGI IF has the same level of risk (0.09% VAR) and also lie in the same return segment. Other high return funds include AHIL PIF and ASKARI IF but have medium and high risk respectively. 8 funds fell in the low risk zone while 7 funds fell in the medium return zone. It shows that income funds are low to medium risk investments and other factors such as returns and asset quality should be considered before making an investment decision.

○ Low ○ Medium ○ High

* Credit Quality of a particular fund is represented by the size of the circle. Higher the quality bigger the circle

*Funds six month old or over considered

**Credit Quality determined using Quarterly A/c ending 31 Mar 09

Risk Analysis

Average VAR stood at 0.35% for 6M with the highest recorded by BMA CSF and ASKARI IF at 1.17% and 0.90% respectively. Lowest VARs were recorded by IGI IF and MCB DCF due to low volatility in their NAVs.

Credit Quality

Income funds were of medium credit quality in general with only a few of high and low quality. Funds with high quality such as AHIL PIF and AHIL PIEF also exhibited high returns at low to medium risk levels which make these funds preferable. ATLAS IF and JS IF have also performed well.

Source: BMA Research

Sectoral Weightage: TFC-heavy wins the race

- Investment strategies determine the performance of income funds and therefore, active management is crucial for healthy returns. BMA CSF which posted the highest 1M return booked a few provisioning reversals during the month in addition to realizing capital gains on TFCs
- Top three 1M returns posted by BMA CSF, DCM MMF, and NAFA IF had one thing in common: they were heavily invested in TFCs to the tune of 71%, 71%, and 80% respectively
- FIRST HABIB and JF IF which were in the lower quartile of returns had a similar asset allocation. The former had 29% in Tbills, 32% in TDRs and 31% TFCs while JS IF had 23% in Tbills, 31% in TDRs and 30% in TFCs
- NAMCI IF, AKD IF, and IGI IF were the highest on cash at 61%, 51%, and 32% of their AUMs respectively

Outlook on Fund Performance Jul09-Aug09

- With rates expected to drop over CY09E, funds will be looking to strike a balance between maintaining liquidity and generating competitive risk adjusted returns. Expect income funds to increase participation in upcoming T-bill and PIB auctions, as the offered yields on these high quality instruments is very attractive in an uncertain environment
- Recovery in TFC prices and resulting write back gains to unit holders will remain contingent upon continuing liquidity and a loosening of the monetary stance.

Potential Windfalls

- Investments in T-Bills and PIBs by income funds are likely to yield them capital gains in addition to being safe instruments
- Declining interest rates are likely to result in favorable price movements in TFCs with good asset quality. This will result in revaluation gains for the income funds invested in this asset class. Investors should, therefore, be cautious of the debt portfolio of their respective fund

Red Flags

- Illiquid TFCs or those with questionable asset quality are likely to suffer as companies under financial stress are liable to become NPAs in a difficult operating environment. Fund managers should, therefore, try to free their portfolios of such assets and replace them with safer and high-yielding instruments
- Further expectations of decline in discount rate have lowered rates on bank deposits and TDRs and suggest that the next resetting of TFC coupons would also be at lower rates. This may have an adverse impact on the funds' performance, however, TFCs may also benefit from capital gains at the same time

5**Government
Securities Funds****Performance Review and
Outlook**

July 24, 2009

WELCOME TO THE FUNDS PLANET**Returns³: Close to KIBOR**

1M returns for Government Securities funds demonstrated healthy performance averaging at 12.94%. There are 4 funds in this category with the largest fund being AHI MSF at PKR1.9bn and the smallest being AHI PCF at PKR580mn. Bulk of their portfolios comprise of cash and government securities and their returns are, therefore, dependant on interest rate movements in the economy.

1 Month Returns

- AHI MSF has been in existence since Mar03 and invests only in government securities. The fund yielded the highest return in 1M at 15.66% and also has the largest fund size at PKR1.95bn
- AHI PCF, NAFA GSLF, and UBL LPF followed at 12.91%, 11.57%, and 10.31% respectively

6 Month Returns

- MSF and PCF witnessed 6M returns at 22.65% and 11.91% respectively
- NAFA GSLF and UBL LPF have recently been launched and have not yet completed its 6M tenure

12 Month Returns

- MSF and PCF recorded 16.38% and 11.64% respectively

Versus Benchmark

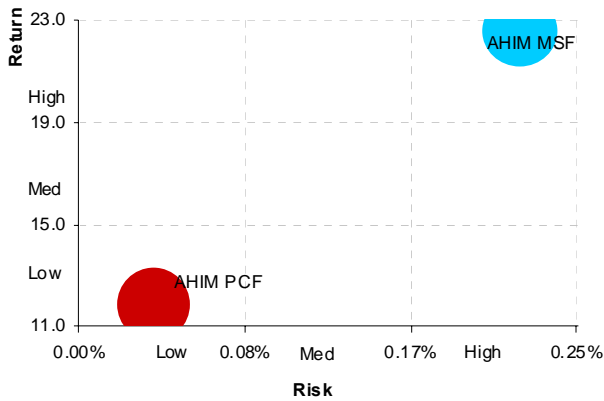
- AHI MSF outperformed its benchmark, 6mo Tbill, in all the three periods while AHI PCF underperformed 3mo Tbill in the same periods.
- UBL LPF tracks 6mo rolling average of 6M KIBOR and underperformed the same by 3.1% in 1M

Versus Industry

- Average industry returns stood at 12.94%, 20.19%, and 15.30% in 1M, 6M and 12M, respectively
- AHI MSF beat industry average by 2.73%, 2.46%, and 1.08% in 1M, 6M, and 12M respectively
- AHI PCF marginally underperformed industry in 1M while it posted underperformances at -8.29% and -3.65% in 6M and 12M respectively

³See Table 3 in the Appendix for complete data

Risk Matrix



R²: 6M Risk-Reward Profile

Government Securities funds recorded 6M performances at two extremes; MSF was in the high risk-high return zone while PCF was in the low risk-low return segment.

○ Low ○ Medium ○ High

* Credit Quality of a particular fund is represented by the size of the circle. Higher the quality bigger the circle

Risk Analysis

Average VAR stood at 0.18% for this category with AHIL PCF at 0.04% and AHIL MSF at 0.22%. Volatility in their NAVs determine the riskiness of these funds and, therefore, AHIL MSF's position in the chart suggests that high return has been achieved at the expense of high VAR in the same period

Credit Quality

Since funds in this category specifically invest in government securities such as PIBs, Tbills, and other instruments issued by the government, it can be considered as the safest funds of all. Additionally, returns of these funds are closely linked to prevailing yields on government securities.

Source: BMA Research

Sectoral Weightage: T-bills and PIBs

- UBL LPF was 63% on cash while AHI PCF had the least (9%) of its fund in cash and equivalents.
- In addition to 60% investment in T-bills AHI MSF also had 21% invested in PIBs which increases in portfolio duration when compared to other funds in the same category which have a greater weightage in T-bills

Outlook on Fund Performance Jun09-Jul09 returns

- Government Securities funds aim to compete with rates offered on bank deposits and short-term instruments. A declining trend in KIBOR and Tbill yields have put pressure on this category of funds and therefore, fund managers will be looking to maintain liquidity by making placements in high quality depository institutions and increase allocation to sovereign debt.

Potential Windfalls

- Investments in T-Bills and other short-term instruments by Government Securities funds are likely to yield capital gains in addition to being safe instruments

Red Flags

- Further expectations of decline in discount rate have lowered rates on bank deposits and reduced Tbill yields which may put more pressure on the funds' performance in the next quarter

6

Islamic Income
FundsPerformance Review
and Outlook

GOOD SHOW

Returns⁴: Competing with convention

During FY09 Islamic Income funds increased in number from 4 to 6 but witnessed a 13% decline in their total AUMs from PKR9.1bn in FY08 to PKR7.8bn in FY09. Sukuks and cash form the bulk of these funds' portfolios and therefore, any changes in prices of sukuks have a sizable impact on their returns. Declining trend in KIBOR at present suggests that the next resetting of Sukuk coupons would be at lower rates and would, hence, require fund managers to be proactive in changing their investment strategies.

1 Month Returns

- NAFA IIF topped in 1M posting 15.21% followed by KASB IIF at 13.00%
- Meezan IIF was next at 12.99%
- PO AIIF was the lowest at 6.47%

6 Month Returns

- KASB IIF which was suspended from 7th Nov08 to 19th Jan09 resumed activity on 20th Jan09 at a NAV of PKR94.97/unit. Since 26th Jan09 to date, it yielded the highest at 19.22%
- Meezan IIF followed with 15.59% with the largest fund size (PKR4.8bn)
- UBL IIF, PO AIIF, and NAFA IIF yielded in the range of 12-13%

12 Month Returns

- MEEZAN IIF posted highest in 12M at 10.46% while its fund size declined by 15% from PKR5.7bn in Jun08 to PKR4.8bn in Jun09
- NAFA IIF witnessed negative performance in the same period (-5.31%) while KASB IIF and UBL IIF were in the lower quartile

Versus Benchmark

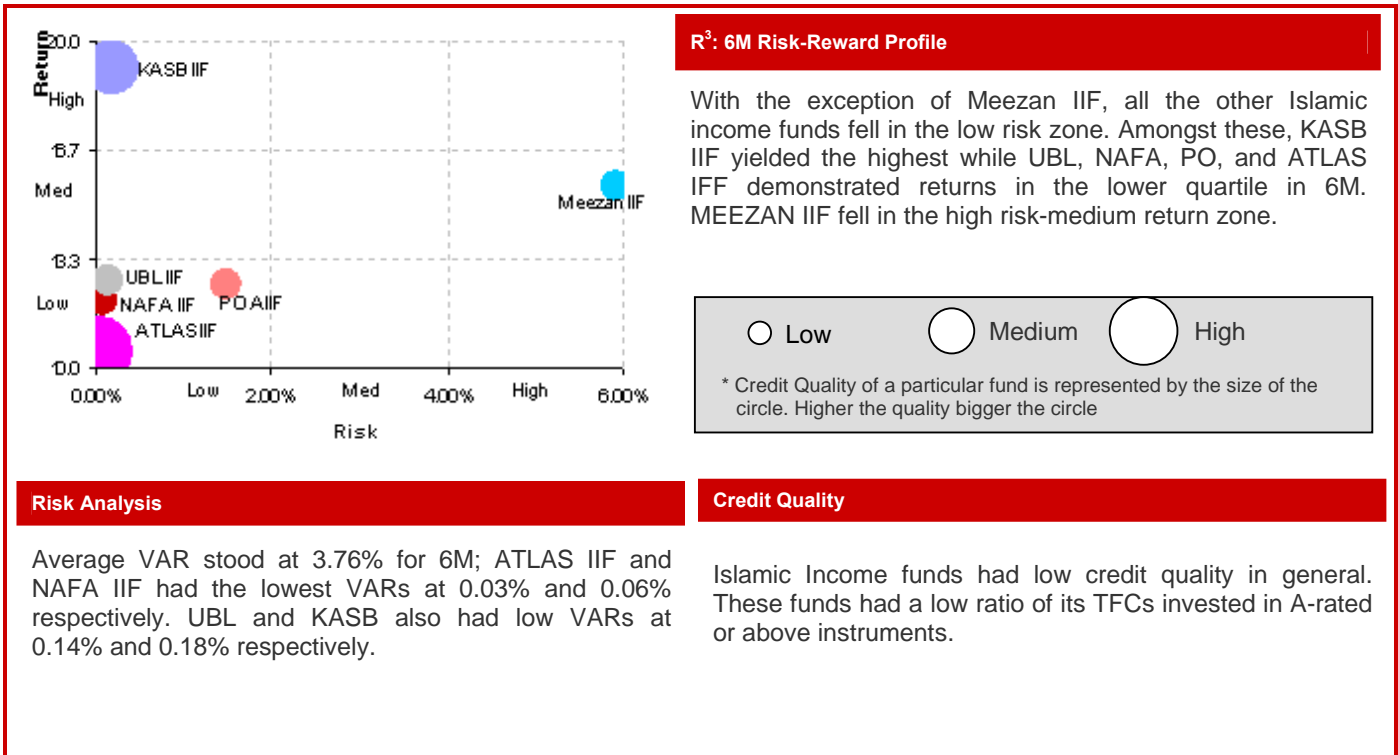
- Returns relative to benchmarks cannot be determined as the benchmark returns for the respective funds for November have not yet been disclosed

Versus Industry

- Average industry returns stood at 12.34%, 14.84% and 7.71% for 1M, 6M and 12M, respectively
- NAFA IIF witnessed the highest relative return for 1M at 2.88% followed by KASB IIF and Meezan IIF at 0.66% and 0.65% respectively
- Meezan IIF was the only fund to outperform the industry in all the three periods
- NAFA IIF showed largest underperformance at -4.28% on average

⁴ See Table 4 in the Appendix for complete data

Risk Matrix



Source: BMA Research

Sectoral Weightage: Balancing sukuks with cash

- NAFA IIF had the highest exposure to sukuks in May09 at 85% with the rest in other placements. A small fund size (PKR517mn) with a significant exposure to sukuks may be considered riskier when compared to other small sized funds with a balanced portfolio of long and short-term instruments.
- UBL IIF was 7% invested in GoP sukuks
- ATLAS IIF had 62% in cash and 33% in TDRs

Outlook on Fund Performance Jul09-Aug09

- Recent interest rate cut and further cuts by the end of CY09 will reduce returns on funds high on cash while Islamic Income funds heavily invested in high quality sukuks will benefit from capital gains. The fall in KIBOR will start to ease pressure on the industry's portfolios as rates are reset in accordance with the market

Potential Windfalls

- Interest rate cuts will be critical in ensuring liquidity for the Islamic funds portfolio holdings

Red Flags

- No new debt issues may restrict the size of the market and hamper effective trade in the secondary market
- Declining trend in KIBOR suggests that the next resetting of Sukuk coupons would be at lower rates and would, hence, require fund managers to be proactive in changing their investment strategies

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**Equity Funds
Performance Review
and Outlook
July 24, 2009****TARGETING SAFE AND SOUND****Returns⁵: Above par**

Equity funds shrank 41% in size from PKR103.6bn in FY08 to PKR60.8bn in FY09. Similarly, KSE100 declined by 41.40% in FY09. Equity funds were, therefore, adversely affected by the market's performance and were suspended in Oct08 on SECP's directive. Majority of these funds resumed activity in Jan09 and have posted significant recovery since then. We believe further cuts in the discount rate, healthy earnings posted by listed companies, and foreign inflows towards equities shall bode well for the equity funds in the long run.

1 Month

- UBL SAF topped in 1M yielding 10.66% followed by MCB DSF and ATLAS DSF at 9.96% and 9.90%
- NAFA SF, NIT, and IGI fell in the range of 7% to 9%
- HBL SF and AKD OF were in the lower quartile at -6.24% and 5.99% respectively

6 Month

- 6M performance is commendable with funds posting returns in the range of 41% to 87%
- Highest was recorded by ATLAS SF at 86.83% followed by MCB DSF and KASB SF at 78.39% and 72.62% respectively
- HBL SF and NIT were on the lower side at 41.75% and 41.67% respectively

12 Month

- Funds suffered 29% on average in 12M with NAFA SF and NIT losing more than average at -35.77% and -30.78% respectively
- HBL SF, MCB DSF, and AHI PSMF, however, were among the least hit ones in this tenor at -7.53%, -9.26% and -14.36% respectively

Versus Benchmark

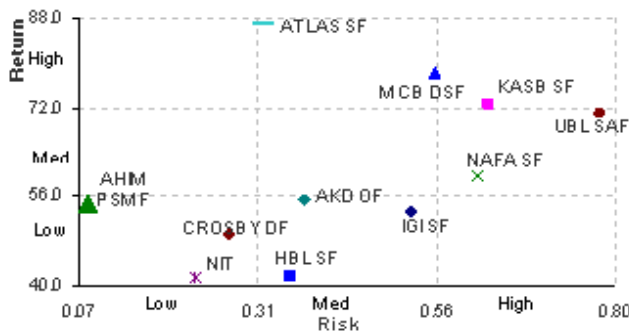
- IGI SF, ATLAS SF, UBL SAF, and MCB DSF demonstrated positive average relative returns at 20.39%, 12.93%, 5.73% and 4.33% respectively
- NAFA SF and NIT posted negative average returns at -11.04% and -7.55% respectively
- CROSBY DF was at par with KSE100 in 1M, underperformed in 6M by 12.21%, and outperformed in 12M by 4.23%

⁵ See Table 5 in the Appendix for complete data

Versus Industry

- The industry posted returns of 8.01%, 44.72% and -28.86% for 1M, 6M and 12M, respectively
- IGI SF witnessed the highest outperformance on average at 26.22%
- ATLAS SF and MCB DSF were next at 18.76% and 18.41% respectively while NIT posted relative -1.72% on average

Risk Matrix



R²: 6M Risk-Reward Profile

KASB SF, UBL SAF, and NAFA SF fell in the high risk zone while there were none in the low risk high return zone. 3 funds fell in the low risk – low return zone which included AHI PSMF, CROSBY DF, and NIT. ATLAS SF and MCB DSF witnessed medium risk and high returns.

*NAVs adjusted for dividends to calculate beta

Risk Analysis

Average Beta stood at 0.26 which suggests that the funds were not very volatile compared to the market. AHI PSMF and NIT had lower than average beta at 0.08 and 0.23 while UBL, KASB, and NAFA SF witnessed relatively higher VARs at 0.78, 0.63, and 0.61 respectively

Source: BMA Research

Sectoral Weightage: E&P tops the list

- Major holdings in OGDC, PPL, POL, and LUCK enabled UBL SAF to post highest 1M returns at 10.66%
- Holdings in OGDC, PPL, and POL were common in MCB DSF also which was next in 1M return at 9.96%. It was 6% invested in Cement stocks with ACPL as one of its major holdings
- NIT had 3% exposure to Auto stocks which exhibited brilliant performance in the last month
- IGI SF was launched in Jul08 and had reduced its exposure to equities to 5% in Dec08 which it has now increased to 89% in Jun09. The fund's top 5 holdings included HUBC (10.2%), PSO (9.6%), OGDC (9.5%), PPL (9.0%), and FFC (7.7%) and has posted the highest return (41.97%) in 12M

Outlook on Fund Performance Jul09-Aug09

- The market continued to make new highs in Jul09 topping 7900 levels during intra-day trading. Based on long term sustainable ROE of 18.5%, equity risk premium of 6% and Jun10 PIB yield target of 9.5%, we project FY10-end Gordon Growth KSE100 to be at 9500; representing 33% upside from current levels
- However this will largely be dependent on expected triggers such as introduction of leverage tools, continued monetary easing and progress on security situation
- We expect E&P and OMC stocks to continue to perform going forward while banking sector lacks any such triggers
- Funds with significant exposure in such stocks are likely to perform in tandem

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DATA TABLES

Appendix

Table 1: Cash Funds

Fund	Return (%)			Risk	Mgmt. Fee	Inception Date	Fund Size (PKR mn)	AMC Rating	Fund Ranking
	1M	6M	12M	6M VAR			30-Jun-09		
FAYSAL SGF	13.42	13.20	13.45	0.05	1.50%	12-May-07	6,422	AM3+	A(f) by JCR-VIS
ABL IF	13.41	13.38	N/A	0.05	1.50%	20-Sep-08	6,872	AM3	A(f) by JCR VIS
Meezan CF	10.56	N/A	N/A	n/a	1.00%	15-Jun-09	624	AM2-	Not ranked as yet
Industry	13.29	13.29	13.45	0.05	N/A	N/A	13,918	N/A	N/A

Fund	Benchmark	Relative Return vs Benchmark			Relative Return vs Industry		
		1M	6M	12M	1M	6M	12M
FAYSAL SGF	1 M KIBOR	1.22	0.36	0.12	0.32	-0.09	0.00
ABL IF	1 M KIBOR	1.21	0.54	n/a	0.31	0.09	N/A
Meezan CF	Bank deposits	N/A	N/A	n/a	-2.73	N/A	N/A

*Returns are calculated as of Jul 24, 2009.

Portfolio Breakup – Jun09

	ABL IF	FAYSAL SGF
Cash & Equivalents	14%	0%
Money Market Instruments	8%	0%
T- Bills	0%	0%
Government Securities	0%	15%
Reverse Repo	0%	0%
TDRs	78%	0%
CFS	0%	0%
Bank Deposits	0%	81%
TFCs	0%	0%
Others	0%	4%

Payouts (% of Face Value)

Money Market Funds	Face Value (PKR per unit)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
ABL IF	10	-	-	-	-	-	-	10.6%
FAYSAL SGF	100	-	-	-	-	1.3%	10.0%	9.95%

Table 2: Income Funds

Fund	Return*			Risk	Mgmt. Fee	Inception Date	Fund Size PKR (mn)	AMC Rating	Fund Rating
	1M	6M	12M	6M VAR			30-Jun-09		
BMA CSF	34.93	4.42	-1.88	1.17	1.50%	23-Aug-07	1,158	AM2-	A(f) by JCR VIS
DCM MMF	34.45	N/A	-1.88	N/A	1.00%	18-Apr-03	873	AM4+	3-Star
NAFA IF	30.38	18.03	4.94	0.51	1.50%	29-Mar-08	1,036	AM2-	Not ranked as yet
JS AIF	29.85	13.16	8.80	0.38	1.50%	22-Jan-08	250	AM2+	Not ranked as yet
AHI PIEF	26.47	24.02	N/A	0.24	1.50%	28-Aug-08	799	AM2	Not ranked as yet
AHI PIF	25.79	22.32	10.25	0.48	1.50%	11-Mar-02	2,370	AM2	3-Star
AKD IF	20.79	6.47	-9.98	0.49	1.10%	22-Mar-07	589	AM3	A-(f) by JCR VIS
KASB LF	20.70	N/A	2.32	0.39	1.30%	9-May-06	3,145	AM3+	Witheld by PACRA
NAMCO IF	20.15	23.17	15.82	0.26	1.25%	14-Jul-08	286	AM3-	Not ranked as yet
ATLAS IF	18.85	22.42	7.93	0.17	1.25%	22-Mar-04	1,748	AM3+	3-Star
ALGHP IMF	18.30	13.84	3.87	0.60	1.25%	15-Jun-07	719	AM3	4-Star
HBL IF	15.84	15.74	4.91	0.50	1.50%	15-Mar-07	2,330	AM3	Not ranked as yet
CROSBY PF	13.90	N/A	N/A	N/A	1.50%	2-Apr-09	95	AM4+	Not ranked as yet
ASKARI IF	13.77	19.56	3.66	0.90	1.50%	15-Mar-06	3,100	AM3	3-Star
MCB DCF	13.75	16.37	9.42	0.09	1.50%	1-Mar-07	9,487	AM3+	3-Star
UBL GIF	12.91	16.97	7.01	0.50	1.50%	2-Mar-06	15,859	AM2-	A(f) by JCR VIS
IGI IF	12.66	13.45	6.54	0.09	1.25%	14-Apr-07	2,050	AM3	4-Star
POBOP APF	12.47	15.95	1.04	0.51	2.00%	25-Oct-07	1,367	AM3+	A(f) by JCR VIS
NAFA CF	12.33	15.40	5.67	0.15	1.50%	22-Apr-06	7,665	AM2-	MFR 5-Star
FIRST HABIB IF	11.12	14.38	6.78	0.19	1.50%	4-Jun-07	1,730	AM3-	3-Star
JS IF	8.65	17.37	11.22	0.12	1.50%	26-Aug-02	5,015	AM2+	Witheld by PACRA
Industry	15.20	16.68	6.58	0.35	N/A	N/A	62,110	N/A	N/A

* Risk/Returns calculated as of 24 Jul09

Fund	Benchmark	Relative Return vs Benchmark			Relative Return vs Industry		
		1M	6M	12M	1M	6M	12M
BMA CSF	1 M KIBOR	22.73	-8.42	-15.21	19.73	-12.26	-8.46
DCM MMF	1 M KIBOR	22.25	N/A	-31.75	19.26	-16.68	-8.46
NAFA IF	1 M KIBOR	18.17	5.19	-8.39	15.18	1.35	-1.64
JS AIF	1 M KIBOR	17.64	0.32	-4.54	14.65	-3.52	2.22
AHI PIEF	Industry Average	N/A	N/A	N/A	11.27	7.34	-6.58
AHI PIF	Industry Average	N/A	N/A	N/A	10.60	5.65	3.67
AKD IF	6 M KIBOR	8.57	-6.78	-24.00	5.59	-10.21	-16.56
KASB LF	N/A	N/A	N/A	N/A	5.51	-16.68	-4.27
NAMCO IF	1 M KIBOR	7.94	10.34	2.49	4.95	6.50	9.24
ATLAS IF	3 M KIBOR	6.79	9.39	-5.88	3.66	5.74	1.35
ALGHP IMF	3 M KIBOR	6.23	0.81	-9.94	3.10	-2.84	-2.71
HBL IF	1 M KIBOR	3.64	2.90	-8.43	0.65	-0.94	-1.67
NAIM RIF	1 M KIBOR	3.16	N/A	-39.44	0.17	-16.68	-32.68
CROSBY PF	25% 3M T-Bill, 75% 12M T-Bill	1.75	N/A	N/A	-1.29	-16.68	-6.58
ASKARI IF	3 M KIBOR	1.70	6.53	-10.15	-1.43	2.89	-2.92
MCB DCF	1 M KIBOR	1.55	3.53	-3.91	-1.44	-0.31	2.84
UBL GIF	6 month rolling avg of 6M Kibor	-0.60	2.60	-6.83	-2.29	0.29	0.43
IGI IF	1 M KIBOR	0.46	0.62	-6.79	-2.53	-3.22	-0.04
POBOP APF	3 M KIBOR	0.40	2.91	-12.77	-2.73	-0.73	-5.54
NAFA CF	1 M KIBOR	0.13	2.56	-7.66	-2.86	-1.28	-0.91
FIRST HABIB IF	1 M KIBOR	-1.08	1.54	-6.55	-4.07	-2.30	0.20
JS IF	1 M KIBOR	-3.56	4.54	-2.12	-6.55	0.70	4.63

Portfolio Breakup – Jun09

Instrument	AHI PIF	AHI PIEF	AKD IF	ALGH P IMF	ASKARI IF	ATLAS IF	BMA CSF	CRSOB Y PF	DCM MMF	FIRST HABIB IF	HBL IF
Cash & Equivalents	6%	6%	51%	22%	8%	13%	17%	27%	0%	5%	0%
Money Market Instruments	6%	17%	0%	0%	0%	9%	0%	0%	0%	0%	0%
T-Bills	12%	29%	0%	0%	0%	0%	0%	0%	0%	29%	16%
Placements	0%	0%	0%	0%	16%	0%	0%	0%	25%	0%	0%
CP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TDRs	26%	10%	0%	0%	9%	18%	9%	0%	0%	32%	15%
CFS	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bank Deposits	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	9%
TFCs	46%	34%	49%	78%	67%	59%	71%	60%	71%	31%	56%
PIBs	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
COIs	0%	0%	0%	0%	0%	0%	0%	13%	0%	1%	0%
Equities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.5%
Others	4%	4%	0%	0%	0%	1%	4%	0%	4%	2%	4%

Instrument	IGI IF	JS AIF	JS IF	NAFA IF	NAMCO IF	POBOP APF	UBL GIF	KASB LF	MCB DCF	NAFA CF
Cash & Equivalents	32%	1%	6%	20%	61%	13%	11%	31%	11%	17%
Money Market Instruments	0%	0%	0%	0%	0%	19%	0%	0%	0%	0%
T-Bills	0%	0%	23%	0%	0%	0%	12%	0%	0%	0%
Placements	0%	0%	4%	0%	0%	0%	6%	0%	4%	0%
CP	0%	7%	1%	0%	0%	0%	0%	0%	0%	0%
TDRs	42%	19%	31%	0%	0%	0%	16%	0%	42%	12%
CFS	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Bank Deposits	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
TFCs	12%	39%	30%	80%	0%	67%	50%	65%	31%	71%
PIBs	0%	0%	2%	0%	0%	0%	2%	0%	0%	0%
COIs	14%	0%	0%	0%	24%	0%	0%	0%	0%	0%
Equities	0%	0%	0%	0%	1.0%	1%	0%	0%	0%	0%
Others	0%	34%	3%	0%	3%	0%	3%	4%	1%	0%

Payouts (% of Face Value)

Income Funds	Face Value (PKR per unit)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
AHI PIF	50	12.0%	9.0%	9.6%	10.0%	10.5%	9.5%	7.30%
AHI PIEF	50	-	-	-	-	-	-	13.48%
AKD IF	50	-	-	-	-	3.2%	9.0%	1.50%
ALGHP IMF	50	-	-	-	-	-	7.1%	-
AMZ+ IF	100	-	-	-	4.1%	11.7%	10.2%	1.75%
ASKARI IF	100	-	-	-	4.5%	11.1%	9.0%	2.37%
ATLAS IF	500	-	3.8%	9.8%	11.5%	10.0%	9.5%	2.75%
BMA CSF	10	-	-	-	-	-	7.7%	-
DCM MMF	100	1.1%	7.0%	9.7%	11.5%	10.9%	10.3%	-
FIRST HABIB IF	100	-	-	-	-	1.5%	9.3%	2.50%
HBL IF	100	-	-	-	-	2.7%	9.2%	5.50%
IGI IF	100	-	-	-	-	2.0%	9.7%	-
JS AIF	100	-	-	-	-	-	5.0%	2.75%
JS IF	100	9.5%	6.2%	10.3%	12.1%	10.7%	9.7%	3.05%
NAFA IF	10	-	-	-	-	-	2.10%	2.67%
NAIM RIF	50	-	-	-	-	7.0%	9.5%	-
NAMCO IF	100	-	-	-	-	-	-	5.79%
POBOP APF	50	-	-	-	-	-	6.2%	-
UBL GIF	100	-	-	0.9%	9.3%	11.4%	9.2%	5.25%
KASB LF	100	-	-	-	1.4%	10.7%	10.0%	3.00%
MCB DCF	100	-	-	-	-	3.4%	9.8%	3.00%
NAFA CF	10	-	-	-	1.9%	10.5%	9.7%	2.85%
UBL MMF	100	9.0%	4.8%	4.1%	10.0%	10.1%	9.1%	4.54%

Table 3: Government Securities Funds

Fund	Return (%)			Risk	Mgmt. Fee	Inception Date	Fund Size (PKR mn)	AMC Rating	Fund Ranking
	1M	6M	12M	6M VAR			30-Jun-09		
AHI MSF	15.66	22.65	16.38	0.22%	5% of Operating Income	1-Mar-03	1,953	AM2	1-Star
AHI PCF	12.91	11.91	11.64	0.04%	10% of G. Earnings	20-Mar-08	580	AM2	Not ranked as yet
NAFA GSLF	11.57	n/a	n/a	N/A	1.50%	16-May-09	1,415	AM2-	Not ranked as yet
UBL LPF	10.31	n/a	n/a	N/A	1.50%	21-Jun-09	1,287	AM2-	Not ranked as yet
Industry	12.94	20.19	15.30	0.18%	N/A	N/A	5,235	N/A	N/A

Fund	Benchmark	Relative Return vs Benchmark			Relative Return vs Industry		
		1M	6M	12M	1M	6M	12M
AHI MSF	6M Tbill	3.2%	9.7%	3.4%	2.73	2.46	1.08
AHI PCF	3M Tbill	-0.1%	-1.1%	-1.3%	-0.03	-8.29	-3.65
NAFA GSLF	70% 3M Tbill, 30% average 3M deposit rate	N/A	N/A	N/A	-1.36	N/A	N/A
UBL LPF	6M Rolling Avg of 1M KIBOR	-3.1%	N/A	N/A	-2.63	N/A	N/A

*Returns are calculated as of Jul 24, 2009.

Portfolio Breakup – Jun09

Instrument	AHI MSF	AHI PCF	NAFA GSLF	UBL LPF
Cash & Equivalents	19%	9%	19%	63%
Money Market Instruments	0%	0%	0%	0%
T- Bills	60%	83%	64%	27%
Reverse Repos	0%	8%	0%	0%
TDRs	0%	0%	16%	10%
PIBs	21%	0%	0%	0%
Others	1%	0%	0%	0%

Payouts (% of Face Value)

Money Market Funds	Face Value (PKR per unit)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
AHI MSF	50	-	3.4%	-	-	3.6%	13.7%	0.14%
AHI PCF	50	-	-	-	-	-	2.3%	11.43%
NAFA GSLF	50	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UBL LPF	100	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Table 4: Islamic Income Funds

Fund	Return			Risk	Mgmt. Fee	Inception Date	Fund Size (PKR mn)	AMC Rating	Fund Ranking
	1M	6M	12M	6M VAR			30-Jun-09		
NAFA IIF	15.21	12.13	-5.31	0.06%	1.50%	29-Oct-07	517	AM2-	Not ranked as yet
KASB IIF	13.00	19.22	7.06	0.18%	1.25%	9-Jun-08	542	AM3+	Not ranked as yet
Meezan IIF	12.99	15.59	10.46	5.92%	1.50%	15-Jan-07	4,873	AM2-	Withheld by PACRA
ATLAS IIF	10.27	10.57	N/A	0.03%	1.25%	14-Oct-08	256	AM3+	Not ranked as yet
UBL IIF	10.12	12.72	3.33	0.14%	1.25%	20-Oct-07	1,445	AM2-	Not ranked as yet
PO AIIF	6.47	12.58	N/A	1.48%	2.00%	30-Oct-08	222	AM3+	Not ranked as yet
Industry	12.34	14.84	7.81	3.76%	N/A	N/A	7,855	N/A	N/A

Fund	Benchmark	Relative Return vs. Benchmark			Relative Return vs. Industry		
		1M	6M	12M	1M	6M	12M
NAFA IIF	Avg 1 M Dep Rate of Isl Banks	N/A	N/A	N/A	2.88	-2.70	-13.02
KASB IIF	n/a	N/A	N/A	N/A	0.66	4.38	-0.65
Meezan IIF	Not Specified	N/A	N/A	N/A	0.65	0.75	2.75
ATLAS IIF	Avg 3M profit rate of 3 islamic banks	N/A	N/A	N/A	-2.06	-4.27	n/a
UBL IIF	Avg of 6 M Placement rate of 3 Isl Banks	N/A	N/A	N/A	-2.22	-2.12	-4.38
POBOP IIF	Avg 1 M Dep Rate of 4 Isl Banks	N/A	N/A	N/A	-5.87	-2.25	n/a

*Returns are calculated as of July 24, 2009.

Portfolio Breakup – Jun09

Instrument	ATLAS IIF	KASB IIF	MEEZAN IIF	NAFA IIF	PO AIIF	UBL IIF
Modaraba Placements	0%	0%	0%	15%	0%	0%
Sukuks	0%	46%	44%	85%	68%	56%
GoP Sukuks	0%	0%	0%	0%	0%	7%
TDR	33%	0%	0%	0%	0%	0%
Bank Deposit	0%	49%	0%	0%	0%	0%
Cash & Equivalents	62%	0%	56%	0%	32%	9%
Other Placements	5%	5%	0%	0%	0%	28%

Payouts (% of Face Value)

Islamic Income Funds	Face Value	(PKR per unit)	2006-07	2007-08	2008-09
ATLAS IIF		500	N/A	N/A	6.0%
KASB IIF		100	N/A	0.55%	5.0%
MEEZAN IIF		50	4.40%	9.20%	6.04%
NAFA IIF		10	N/A	4.26%	2.0%
UBL IIF		100	N/A	5.85%	3.27%

Table 5: Equity Funds

Fund	Return*			Risk	Mgmt. Fee	Inception Date	Fund Size (PKR mn)	AMC Rating	Fund Ranking
	1M	6M	12M	6M Beta			30-Jun-09		
UBL SAF	10.66	70.89	-22.98	0.78	3.00%	4-Aug-06	1,649	AM2-	MFR 4-Star
MCB DSF	9.96	78.39	-9.26	0.55	3.00%	1-Mar-07	643	AM3+	2-Star by PACRA
ATLAS SF	9.90	86.83	-16.58	0.32	3.00%	23-Nov-04	689	AM3+	3-Star by PACRA
AHI PSMF	9.30	54.87	-14.36	0.08	2.50%	11-Mar-02	1,850	AM2	4-Star by PACRA
CROSBY DF	9.25	49.42	-25.22	0.27	2.00%	15-Dec-03	1,490	AM4+	MFR 5-Star by JCR-VIS
KASB SF	9.09	72.62	-18.34	0.63	3.00%	22-Mar-07	299	AM3+	Not ranked as yet
NAFA SF	8.99	59.77	-35.77	0.61	3.00%	22-Jan-07	1,331	AM2-	Discontinued
NIT	7.84	41.67	-30.78	0.23	1.00%	12-Nov-62	50,193	AM2-	3-Star by PACRA
IGI SF	7.22	53.36	41.97	0.52	2.00%	15-Jul-08	249	AM3	Not ranked as yet
HBL SF	6.24	41.75	-7.53	0.36	3.00%	23-Aug-07	1,410	AM3	Not ranked as yet
AKD OF	5.99	55.44	-25.70	0.38	3.00%	1-Mar-06	704	AM3	MFR 5-Star
AMZ+ SF	n/a	n/a	n/a	n/a	3.00%	24-Jul-06	310	AM-DS	2-Star by PACRA
Industry	8.01	44.72	-28.86	0.26	N/A	N/A	60,508	N/A	N/A

Fund	Benchmark	Relative Return vs Benchmark			Relative Return vs Industry		
		1M	6M*	12M	1M	6M	12M
UBL SAF	KSE 100	1.48	9.25	6.47	2.65	26.17	5.88
MCB DSF	KSE 30	-0.48	-10.50	23.96	1.96	33.67	19.59
ATLAS SF	KSE 100	0.72	25.19	12.87	1.89	42.10	12.28
AHI PSMF	Internal	N/A	N/A	N/A	1.29	10.15	14.50
CROSBY DF	KSE 100	0.07	-12.21	4.23	1.24	4.70	3.64
KASB SF	KSE 30	-1.35	-16.27	14.88	1.08	27.90	10.52
NAFA SF	KSE 30	-1.46	-29.13	-2.55	0.98	15.05	-6.92
NIT	KSE 100	-1.35	-19.97	-1.33	-0.17	-3.06	-1.92
IGI SF	KSE 100	-1.97	-8.28	71.42	-0.79	8.63	70.83
HBL SF	KSE 100	-2.94	-19.89	21.91	-1.77	-2.97	21.32
AKD OF	KSE 100	-3.19	-6.20	3.75	-2.02	10.72	3.16
AMZ+ SF	KSE 100	-4.20	-21.12	7.86	n/a	n/a	n/a

Source: BMA Research

*Returns are calculated as of Jul 24, 2009.

Sector Allocation - Jun09

Sector Allocation	AHI PSMF	AKD OF	AMZ+ SF	ATLAS SF	CROSBY DF	HBL SF
Autos	0%	0%	N/A	0%	0%	0%
Cement	7%	0%	N/A	0%	11%	2%
Chemicals	0%	5%	N/A	2%	7%	2%
Commercial Banks	6%	7%	N/A	15%	15%	10%
F & PC	0%	0%	N/A	0%	0%	0%
Fertilizer	12%	0%	N/A	13%	8%	14%
Insurance	0%	0%	N/A	3%	2%	0%
Inv Banks	0%	0%	N/A	0%	0%	0%
Misc	0%	0%	N/A	0%	0%	0%
E&P	11%	19%	N/A	24%	17%	24%
OMCs	0%	0%	N/A	14%	9%	0%
Paper & Board	9%	0%	N/A	2%	0%	1%
Pharma	0%	0%	N/A	0%	5%	0%
Power Gen	6%	10%	N/A	9%	7%	5%
Refineries	0%	8%	N/A	0%	0%	0%
Telecom/ Tech & Comm	0%	8%	N/A	3%	0%	2%
Textile	0%	0%	N/A	0%	5%	0%
Other	29%	0%	N/A	7%	4%	6%

Sector Allocation	IGI SF	KASB SF	MCB DSF	NAFA SF	NIT	UBL SAF
Autos	0%	0%	0%	0%	3%	0%
Cement	0%	5%	6%	8%	3%	6%
Chemicals	0%	0%	0%	0%	7%	1%
Commercial Banks	19%	17%	16%	17%	0%	11%
F & PC	0%	0%	0%	0%	0%	0%
Fertilizer	12%	19%	18%	12%	20%	15%
Insurance	0%	0%	0%	0%	0%	0%
Inv Banks	0%	0%	0%	3%	0%	0%
Misc	0%	12%	0%	0%	0%	0%
E&P	22%	20%	22%	27%	22%	25%
OMCs	10%	8%	7%	8%	0%	8%
Paper & Board	0%	0%	0%	0%	0%	0%
Pharma	0%	0%	0%	0%	3%	0%
Power Gen	13%	5%	15%	6%	0%	0%
Refineries	0%	0%	0%	0%	0%	0%
Telecom/ Tech & Comm	0%	0%	0%	0%	4%	5%
Textile	0%	0%	0%	4%	0%	0%
Other	13%	0%	0%	12%	28%	19%

Payouts (% of Face Value)

Equity Funds	Face Value (PKR per unit)	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
AHI PSMF	50	40.0%	60.0%	70.0%	60.0%	50.0%	34.0%
AKD OF	50	-	-	-	-	10.0%	10.0%
AMZ+ SF	100	-	-	-	-	19.0%	-
ATLAS SF	500	-	-	12.5%	25.0%	20.0%	7.5%
CROSBY DF	100	-	2.0%	10.5%	15.0%	38.0%	30.0%
HBL SF	100	-	-	-	-	-	5.9%
IGI SF	100	-	-	-	-	-	-
KASB SF	50	-	-	-	-	9.7%	-
MCB DSF	100	-	-	-	-	25.0%	-
NAFA SF	10	-	-	-	-	22.6%	5.8%
NIT	10	17.5%	25.5%	33.0%	58.0%	62.0%	65.0%
UBL SAF	100	-	-	-	-	22.3%	3.0%

Fund Ranking/Rating

Fund	Ranking		Fund	Ranking	
	PACRA	JCR-VIS		PACRA	JCR-VIS
ABL IF		A(f)	FIRST HABIB IF	3-Star	
AKD OF		MFR 5-Star	IGI IF	4-Star	
ALGHP VF	4-Star		JS IF	5-Star	
ALGHP IMF	4-Star		JS AAA	4-Star	
AMZ+ IF	3-Star	BBB+(f)	UTP	5-Star	
AMZ+ SF	2-Star		JS ISF	4-Star	
AHI MSF	1-Star		JS FoF	4-Star	
AHI PCF	AAA(f)		KASB LF	5-Star	
AHI PIF	3-Star		MCB DCF	3-Star	
AHI PSMF	4-Star		MCB DSF	2-Star	
AHI PIIF	4-Star		Meezan ISF	5-Star	MFR 3-Star
AHI PCM	2-Star		Meezan IIF		A(f)
ASKARI IF	3-Star		NAFA CF		MFR 5-Star
ATLAS IF	3-Star		NAFA MA		MFR 5-Star
ATLAS ISF	3-Star		NAFA SF		MFR 3-Star
ATLAS SF	3-Star		NAFA GSLF		AA+(f)
CROSBY DF		MFR 5-Star	NIT	3-Star	MFR 3-Star
DCM MMF	3-Star		POBOP APF		A(f)
DCM ISF	4-Star		UBL MMF	4-Star	A+(f)
FAYSAL SGF		A(f)	UBL GIF		A(f)
FAYSAL IGF		A+(f)	UBL SAF		MFR 4-Star
FAYSAL BGF		MFR 4-Star	UBL LPF		AA+(f)

Note: Funds not mentioned are unranked

Source: Fund Manager Reports

AMC Rating

AMC	Rating	
	PACRA	JCR-VIS
ABL AMC		AM3
AHI	AM2	
AKD		AM3
ALGHP	AM3	
AMZ		AM-DS
ASKARI	AM3	
ATLAS	AM3+	
BMA		AM2-
CROSBY		AM4+
DCM	AM4+	
FAYSAL		AM3+
HABIB	AM3-	
HBL		AM3
IGI	AM3	
JS	AM2+	
KASB	Rating Withdrawn	AM3+
MCB	AM3+	
Al Meezan		AM2-
NAFA		AM2-
NAIM	UR	AM3-
NAMCO		AM3-
NIT	AM2-	AM2-
Pak Oman		AM3+
UBL Funds		AM2-

Source: Fund Manager Reports

Note: JCR-VIS has revised the Management Quality Rating of a few AMCs to 'AM-DS' (AM - Developing Situation), defined as 'unusual circumstances do not allow assessment of fund management practices at present'.

Glossary and Definitions

Term	Definition
Net Asset Value (NAV)	A mutual fund's price per share or exchange-traded fund's (ETF) per-share value. In both cases, the per-share amount of the fund is derived by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding. NAV per share is computed once a day based on the closing market prices of the securities in the fund's portfolio.
Beta	A measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. A beta of 1 indicates that the security's price will move with the market. Less than 1 and greater than 1 indicate more and less volatility, respectively. For example a beta of 1.2 indicates 20% more volatility than the market.
Value at Risk (VAR)	A technique used to estimate the probability of portfolio losses based on the statistical analysis of historical price trends and volatilities
Management Fee	Charge levied by an investment manager for managing an investment fund. Management fee structures vary from fund to fund, but are typically based on a percentage of assets under management
Sales Load	A sales charge or commission charged to an investor when buying or redeeming shares in a mutual fund. The fee may be a one-time charge at the time the investor buys into the mutual fund (front-end load), when the investor redeems the mutual fund shares (back-end load), or on an annual basis as a 12b-1 fee
AMC Rating	Awarded by Credit Rating Agencies like JCR VIS and PACRA considering AMC performance and management quality. AM1 denotes highest management quality and AM5 Weak Management Quality
Fund Ranking	Awarded by Credit Rating Agencies like JCR VIS and PACRA considering funds' performance over various periods. 5-Star denotes Very Good while 1-Star denotes Weak
AUM Run Rate	Growth of NAV over time calculated as (current fund size/ previous fund size) - 1

Glossary and Definitions

Term	Definition
Beta	Covariance (Benchmark's Daily Return, Fund's Daily Return) / Variance (Benchmark Daily Return)
Value at Risk (VAR)	Standard Deviation (Fund's Daily return) * 1.65
Annualized Return	Morningstar Return Calculation Methodology
Absolute Return	$\{[(\text{Ending NAV} + \text{Payouts during the period}) / \text{Beginning NAV}] - 1\} * 100$
Relative Return vs. Benchmark	Fund's Return – Benchmark's Return
Relative Return vs. Industry Average	Fund's Return – Industry Weighted Average

Abbreviations

Income Funds	
Name	Ticker
Arif Habib Pakistan Income Fund	AHI PIF
Arif Habib Pakistan Income Enhancement Fund	AHI PIEF
AKD Income Fund	AKD IF
Alfalah GHP Income Multiplier Fund	ALGHP IMF
AMZ Plus Income Fund	AMZ+ IF
Askari Income Fund	ASKARI IF
Atlas Income Fund	ATLAS IF
BMA Chundrigar Road Saving Fund	BMA CSF
Dawood Money Market Fund	DCM MMF
First Habib Income Fund	FIRST HABIB IF
HBL Income Fund	HBL IF
IGI Income Fund	IGI IF
JS Aggressive Income Fund	JS AIF
JS Income Fund	JS IF
NAFA Income Fund	NAFA IF
NAMCO Income Fund	NAMCO IF
Noman Abid Reliance Income Fund	NAIM RIF
Pak Oman Advantage Plus Fund	POBOP APF
United Growth and Income Fund	UBL GIF
KASB Liquid Fund	KASB LF
MCB Dynamic Cash Fund	MCB DCF
NAFA Cash Fund	NAFA CF
UBL Money Market Fund	UBL MMF
CROSBY Phoenix Fund	CROSBY PF

Cash Funds	
Name	Ticker
ABL Income Fund	ABL IF
Faysal Savings Growth Fund	FAYSAL SGF
Meezan Cash Fund	MEEZAN CF

Islamic Income Funds	
Name	Ticker
Atlas Islamic Income Fund	ATLAS IIF
KASB Islamic Income Fund	KASB IIF
Meezan Islamic Income Fund	Meezan IIF
NAFA Islamic Income Fund	NAFA IIF
Pak Oman Advantage Islamic Income Fund	PO AIIF
United Islamic Income Fund	UBL IIF

Government Securities Funds	
Name	Ticker
Arif Habib Metro Sovereign Fund	AHI MSF
Arif Habib Pakistan Cash Management Fund	AHI PCF
NAFA Government Securities Liquid Fund	NAFA GSLF
United Liquidity Plus Fund	UBL LPF

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