

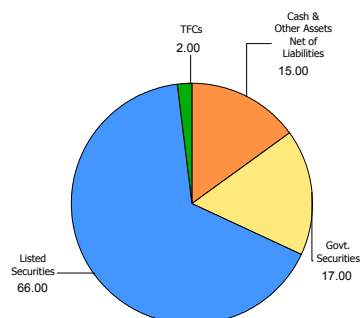
Pakistan Capital Market Fund (PCM)

Management Quality Rating: AM2 (Outlook: +ve)
Fund Rating: 5 Star Normal (PACRA)

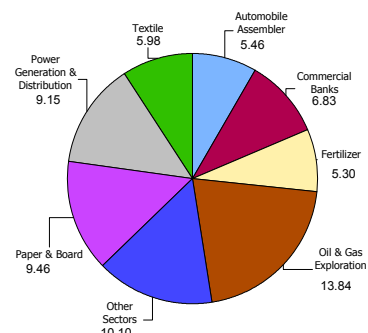
Performance Review

PCM net asset value increased by 0.24% compared to 1.52% rise in its internal benchmark and 1.28% gain in the KSE 100 index. PCM is an asset allocation fund, with 66% allocation to equities at March end compared to 69% in February. PCM's return on its equities portfolio remained lower compared to the KSE-100 index and AHIM's other equity funds as majority of its key holdings across various sectors under performed the market. Major drags on the portfolio performance during March were Pak Suzuki Motors, Indus, NBP, PPL and Century Paper. In the fixed income portfolio, PCM increased its investments in 10 yr Pakistan Income Bond (PIB) from 8% to 17% of fund size which continue to offer relatively better yields (now around 11.4%) compared to average earnings yield of 8.5% on equities.

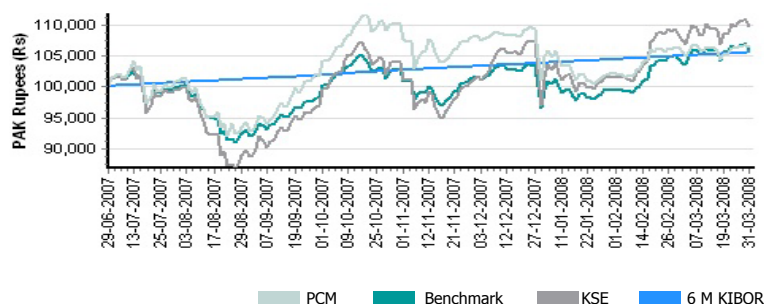
Asset Allocation (%)



Equity Allocation (%)



Performance Graph - Year to Date



Top Ten Holdings

Allied Bank Ltd.	Nestle Milk Pak Ltd.
Century Paper & Board Mills Ltd.	Oil & Gas Development Co. Ltd
Fauji Fertilizer Company Limited.	Packages Limited
Kot Addu Power Company Ltd	Pak Suzuki Motor Co. Ltd.
National Bank Of Pakistan Ltd	Pakistan Petroleum Ltd.

Investment Objective & Policy

PCM is an open-end fund; investing in a hybrid of equity, debt and money market securities. The Fund seeks the optimum absolute return from Pakistan's capital market. PCM is the first Fund in Pakistan, converted from a closed-end to an open-end fund in November, 2005.

Investment Strategy

PCM is a broader capital market Fund with allocation between equity, debt and money market instruments, but does not have set allocation limits for any asset class except government securities

If a particular asset class offers better prospects, the Fund is likely to have higher allocation in such asset class and vice versa.

Profile of Investment Manager

Arif Habib Investment Management Limited is an asset management and investment advisory company, managing seven open-end and three closed-end mutual funds with total assets under management of Rs. 25.78 billion. AHIML has an investment committee approach for taking all investment decisions. Mr. Basharat Ullah is the designated Fund Manager. Details regarding the investment committee are available on our website.

Return of Fund

	PCM (%)		
	PCM	KSE-100	BM*
Month on Month	0.24	1.28	1.52
Quarter on Quarter	1.56	7.46	6.04
July 07 to Date	6.99	9.82	6.19
Since Inception (24th Jan 2004)	164.80	217.60	-

* Internal Benchmark

Portfolio Characteristics

	PCM	KSE-100
Price to Earning - 2008 x	15.78	11.70
Dividend Yield - 2008 (%)	4.80	5.05
Beta x *	0.65	1.00
Standard Deviation % *	17.11	24.12
Sharpe Ratio x *	0.33	0.53
Net Assets/Mkt. Cap. (Rs. bn)	1.09	4,622.92
NAV Rs. per unit/KSE-100 Index	12.40	15,125.29

* 3 years or since inception

FUND INFORMATION

Fund Type: Open-end
Fund Launch Date: 24th January 2004
Currency: PKR

Fund Manager: Arif Habib Investment Management Limited
Registrar: Gangjees Registrar Services (Pvt.) Ltd.
Trustees: Central Depository Company of Pakistan Ltd.(CDC)
Auditors: KPMG Taseer Hadi & Co.

Front-end load: Up to 4%
Management Fee: 3%
Minimum Investment: PKR 5,000

Valuation Days: Daily (Monday to Friday) except public holidays.
Redemption Days: Daily (Monday to Saturday) except public holidays.
Subscription Days: Each valuation day and Saturday
Initial Public Offer: PKR 10.00

All investments in mutual funds and securities are subject to market risk. The NAV based price of these units and any dividends and return thereon are dependent 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. Please read the Offering Document to understand the investment policies and the risk involved.

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