

Pakistan Income Fund (PIF)

Management Quality Rating: AM2 (Outlook:+ve)

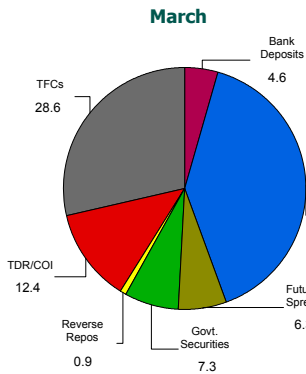
Fund Rating: 5 Star Normal, 5 Star Long Term (PACRA)

Performance Review

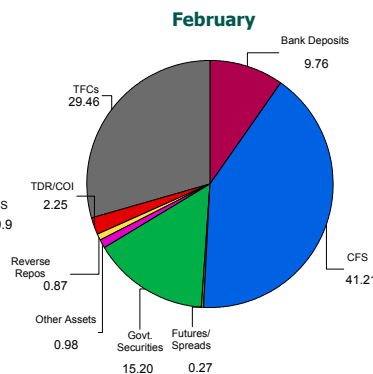
PIF's annualized return improved to 9.60% during March compared to 8.83% in Feb, 08. During the 1st 9-months of FY 08 PIF has generated a return of 9.23%. Net assets of the Fund grew by 23.66%, to Rs. 11.19 bn during the month of March. PIF has declared a nine-month dividend at the rate of Rs. 3.30 per unit for July 07 - March 08 period. The Fund has adopted the policy of declaring quarterly dividends from now on in order to provide better periodic net-of-tax returns to its investors.

CFS remained the major asset class (40% of fund size), followed by TFC at 29% (average rating of TFC portfolio is 'AA-'). PIF increased its allocation in TDRs/COIs (average rating of 'A') to 12.4% (from 2.2%) of net assets, while allocation in Government Securities was decreased to 7.3% (from 15.2%). At the same time, PIF invested 6.34% of net assets in arbitrage transactions. The current asset class mix is likely to provide PIF investors an opportunity to earn a high single-digit return in the months ahead.

Asset Allocation March



Asset Allocation February



Investment Objective & Policy

The Pakistan Income Fund (PIF) is an open-end income fund; investing primarily in income producing debt securities / transactions. The Fund seeks relatively high fixed income returns.

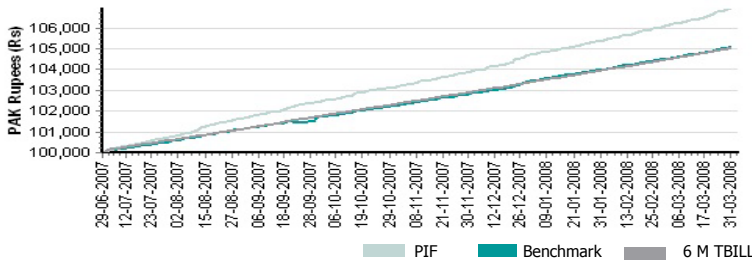
Investment Strategy

PIF invests in a range of fixed income securities and transactions. The weightage of investment mix of the portfolio is managed in a manner that reduces the risk of loss in the market value of the investments due to any major upward movement in interest rates in the country. Being an income fund, PIF's emphasis is on managing interest rate risk, and as a policy, the Fund keeps the average duration of its portfolio less than two years.

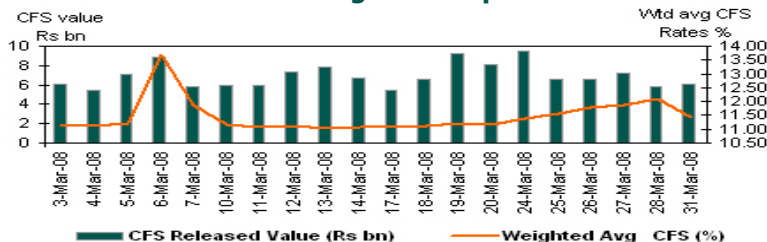
Profile of Investment Manager

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 bn. AHIML has an investment committee approach for taking all investment decisions. Mr. Zafar Rehman is the designated Fund Manager and Mr. Nadeem Khan is Sub Fund Manager. Details regarding the investment committee are available on our website.

Performance Graph - Year to Date



CFS Released Value vs Weighted Graph



Return of Fund (%)

	Mar	Feb	BM**
Month on Month	9.60	8.83	7.19
Quarter on Quarter	8.83	8.72	6.80
July 07 to Date	9.23	9.11	6.78
Since Inception(11th March 2002)*	10.25	10.25	-

* CAGR

** Internal Benchmark - Mar

Portfolio Characteristics

	Mar	Feb
Standard Deviation (%)	0.91	1.14
Sharpe Ratio x	-0.07	0.14
Net Assets (Rs. bn)	11.19	9.05
NAV (Rs. per unit)	50.40	53.27

FUND INFORMATION

Fund Type: Open-end Fixed Income
Fund Launch Date: 11th March 2002
Currency: PKR

Front-end load: Up to 1.35%
Management Fee: 1.5%
Minimum Investment: PKR 5,000

Fund Manager: Arif Habib Investment Management Limited
Registrar: Gangjees Registrar Services (Pvt.) Ltd.
Trustee: Central Depository Company of Pakistan Ltd.(CDC)
Auditors: A.F Ferguson a member firm of PWC

Valuation Days: Daily (Monday to Saturday) except public holidays.
Redemption Days: Daily (Monday to Saturday) except public holidays.
Subscription Days: Each valuation day
Initial Public Offer: PKR 50.00

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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