

Pakistan Stock Market Fund (PSM)

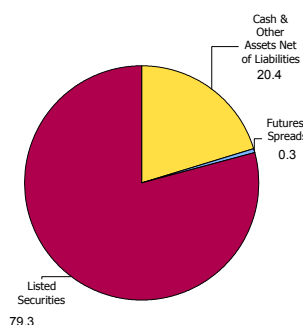
Management Quality Rating: AM2 (Outlook: +ve)

Fund Rating: 3 Star Normal, 5 Star Long Term (PACRA)

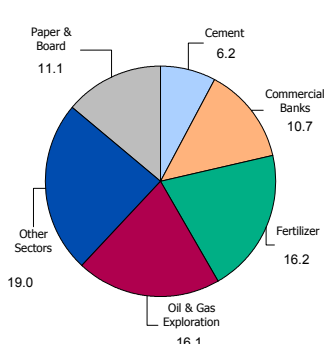
Performance Review

PSM net asset value increased by 1.67% compared to 1.28% rise in the KSE100 index and 1.96% rise in its internal benchmark during March 08. Exposure to various sectors was maintained except for the Autos, where PSM shed 3% weight amid deterioration in sector outlook due to sharp appreciation of Japanese Yen vs Pak Rupee. This reduced the overall equity exposure of the fund to 79.3% at month end from 82.5% in February. Major holdings which outperformed the market were Packages, Engro, OGDC, FFC, KAPCO and Lucky. NBP, ABL, PPL, PSMC and NML were the major negative contributors to the fund's return. Stock prices of majority of our holdings continue to trade below our DCF values; however, upside has reduced following continuous rise in market prices in the recent past. Moreover, the rising yield on government securities (with 10 yr PIB now at 11.4%) has also impacted equity valuations. The fund is targeting to increase its equity allocation once desired prices are available in the market.

Asset Allocation (%)



Sector Allocation (%)



Investment Objective & Policy

Pakistan Stock Market Fund (PSM) is an open-end equity fund; investing in both growth and value stocks listed in Pakistan. The Fund seeks to achieve long-term capital appreciation primarily from growth stocks.

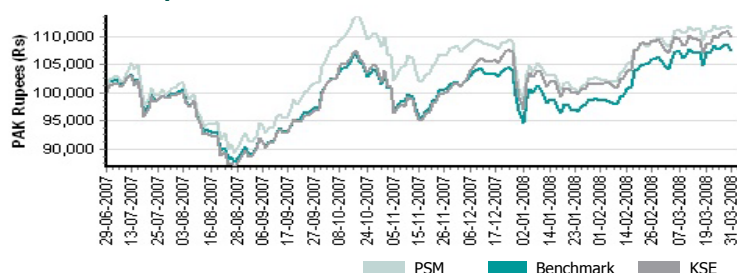
Investment Strategy

PSM is an open-end equity fund that invests in companies listed in Pakistan. The Fund is driven by value investing with an emphasis on liquidity while maintaining a fair exposure in such shares that may not be actively traded but are likely to deliver high returns in the long-term.

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. Basharat Ullah is the designated Fund Manager and Mr. Mohsin Pervez is Sub Fund Manager. Details regarding the investment committee are available on our website.

Performance Graph - Year to Date



Top Ten Holdings

Allied Bank Ltd.	National Bank Of Pakistan Ltd
Engro Chemical (Pak) Limited	Oil & Gas Development Co. Ltd
Fauji Fertilizer Bin Qasim Ltd.	Packages Limited
Fauji Fertilizer Company Limited.	Pak Suzuki Motor Co. Ltd.
Lucky Cement Limited	Pakistan Petroleum Ltd.

Return of Fund (%)

	PSM	KSE-100	BM *
Month on Month	1.67	1.28	1.96
Quarter on Quarter	6.93	7.46	7.89
July 07 to Date	11.38	9.82	7.51
Since Inception (11th March 2002)	727.00	707.67	-

* Internal Benchmark

Portfolio Characteristics

	PSM	KSE-100
Price to Earning - 2008 x	14.75	11.70
Dividend Yield - 2008 (%)	4.80	5.05
Beta x *	0.75	1.00
Standard Deviation % *	19.48	24.12
Sharpe Ratio x *	0.48	0.53
Net Assets/Mkt. Cap. (Rs. bn)	3.65	4,622.92
NAV Rs. per unit/KSE-100 Index	93.65	15,125.29

* 3 years or since inception

FUND INFORMATION

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

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

Front-end load: Up to 4%
Management Fee: 2%
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 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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