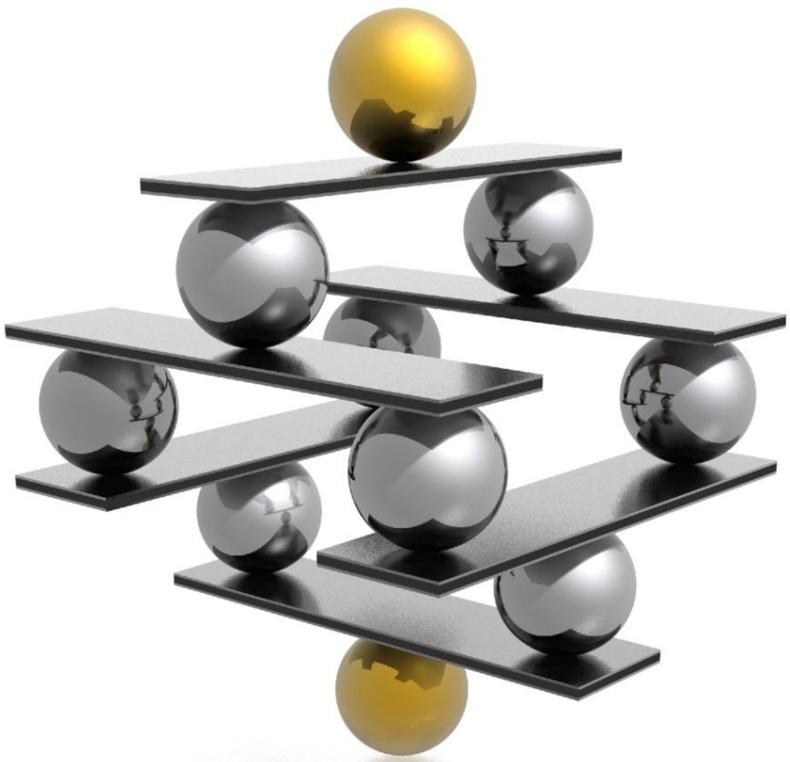
BALANCING QUEST

INCHING TOWARDS RECOVERY

MARCH 2014

Pure. Profit.



INSIDE

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In Focus: What Lies Beneath

Flash Back...Moving Forward

The close of 2013 marked a historic year for Pakistan. With the first ever civilian to civilian transfer of power in over six decades, the incoming government has inherited multiple political and economic challenges that have no quick fix. Stakes are high and challenges stand stark, but undoubtedly the efforts of the incumbent regime in the first ten months have raised a sense of positivity and hope. What impact and magnitude of benefits these efforts will fetch are unknown as of today but remain a key question for the fate of this country.

Strategy: Suit your investing style

Before moving into the market developments and drivers, let us first refer back to the last magazine of Al Meezan to see how well the fictitious three investors have fared from our recommendations in light of the actual market returns.

Politics: A retreat from the past

Following the clean sweep victory by PML (N) in General Elections 2013, the country is set on a journey driven by the newly replaced 'Big 4' namely the Prime Minister, President, Chief of Army Staff and Chief Justice of Pakistan. With politics entangled with ambiguity over negotiations with the TTP, precarious law and order situation and high treason charges against Pervez Musharraf along with the surfacing of questionable provincial failures such as Thar famines; the three months of 2014 are a prelude into seeing which direction the country is set for the next few years.

Economy: Recovery in Sight?

With the new government taken over in May 2013, many positive developments have been seen on the economic side. The IMF program that the government has entered into has led to multiple structural reforms, resulting in a 5.1% GDP growth rate in the first quarter of Fiscal Year 2014. Government initiatives such as appreciation of the Rupee, fuel price adjustment, reduction of circular debt and investment in energy sector have all led to a recovery on the economic front. Though more positives are on the agenda such as privatization initiatives, 3G & 4G spectrum licenses auction and further restructuring, how well they bear the fruit for the economy is yet to be seen.

Fixed Income: Taking a slide

Fiscal Year 2013-14 had commenced immediately after an unexpected blow to the money market in the form of another 50bps cut to the key rate. However, structural adjustments in the aftermath of the new IMF program led to resurgence in inflationary pressure to which the Central Bank responded by increasing the discount rate once again. However, with macro-fundamentals back in favor, expectations of an easing in the discount rate have resurfaced.

Equity: Growth surprises to continue

Pakistan's equity market has been one of the best performing markets of the region with a growth of 49% in Calendar Year 2013. With the incumbent new government and the implementation of their reform agenda in the past ten months, business confidence improved and the benchmark KSE-100 index surged to record new heights. While technical correction may be on the cards, there is a blend of positive economic expectations alongside political hitches. While it is unclear how the the stock market will react to the two forces, we expect KSE-100 to cross the 32,000 mark by December 2014 based on a dividend yield of 5.13% and an corporate sector earnings growth of 18%.

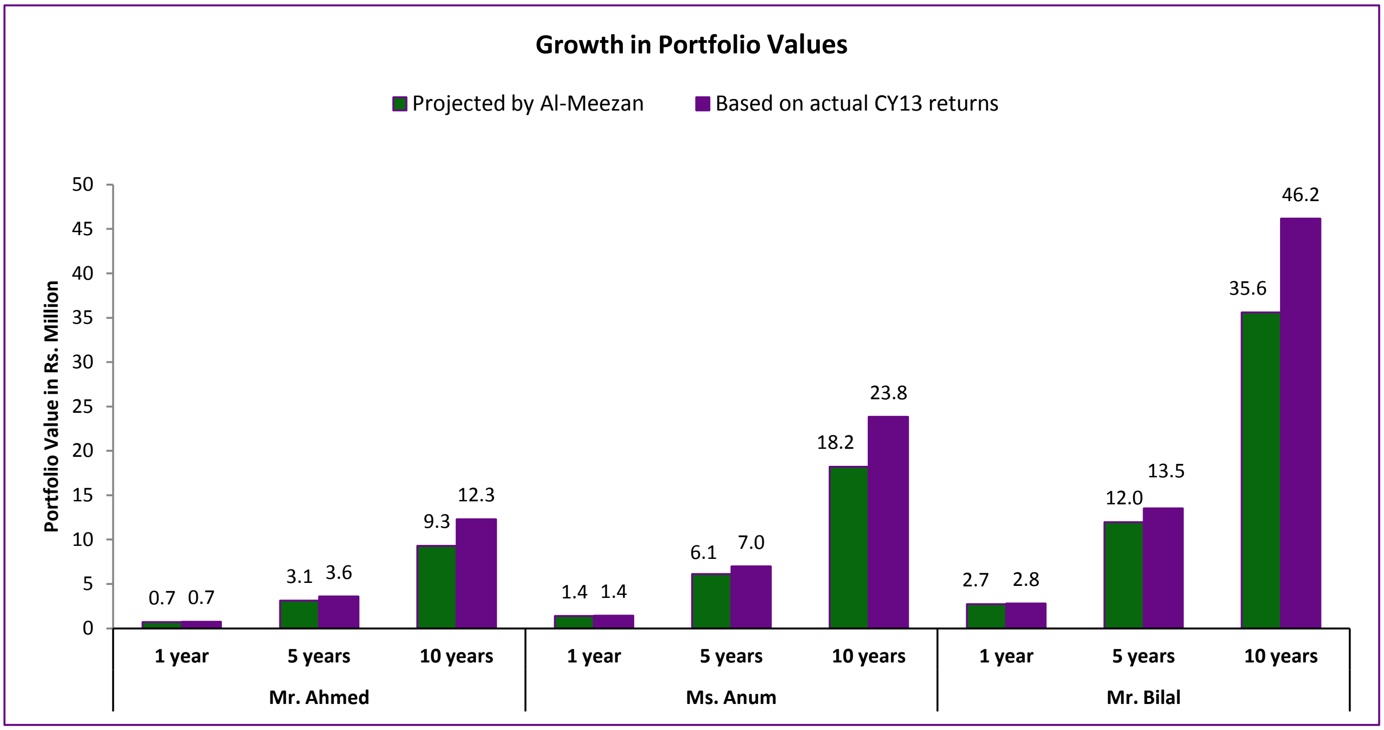
Investment Avenues: Equities on a fare

Comparisons of all available investment avenues reveal that equity returns outshine all others. While Pakistan's stock market returns outperformed many other regional stock indices, Meezan Islamic Fund (MIF) has successfully surpassed KSE-100 return in a bid to provide its investors the highest possible value.

Path of Action: Balance your Options

As economic positivity meets the political challenges, one can only be advised to take a reasonably prudent approach in investing. The country's biggest challenge of law and order situation can either be a game changer for the good or for the worse. But until more developments surface, it is best advised to invest in a portfolio that takes advantage of rising stock market from market positivity while cautiously saves in fixed income in a case otherwise.

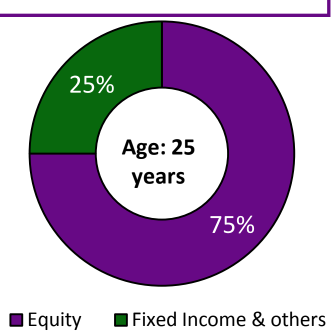
Before laying our brains on how the Year 2014 is expected to unravel, let us have a brief look back at Al Meezan's last issue of March 2013, "Market March- Enroute to Elections" where the same captioned segment talked about three individuals and the investment strategies that Al Meezan had proposed to them. After a lapse of approximately one year, let us see a comparison of how well they have fared from our recommendations and how their portfolio values have grown in light of the actual Calendar Year 2013 market performance.



The chart above shows that in light of the actual market performance since March 2013 for Equity and Fixed Income, each of the three investors made higher actual returns and if they continue to remain invested, their portfolios will grow further.

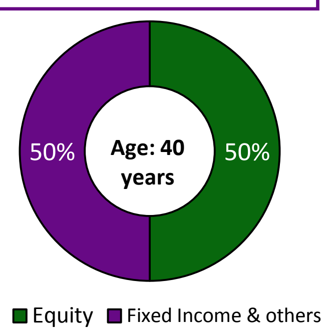
Aggressive Allocation- Mr. Ahmed

Salary: Rs. 50,000/month
Fresh graduate with first job, invests Rs. 25,000 monthly, high risk tolerance



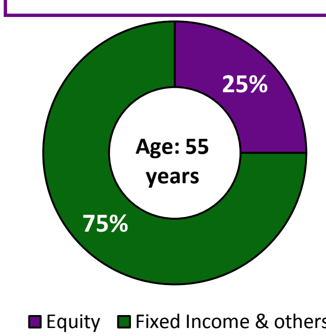
Balanced Allocation- Ms. Anum

Salary: Rs. 200,000/month
Savings for children's education and future needs, invests Rs. 50,000



Conservative Allocation- Mr. Bilal

Salary: Rs. 400,000/month
Father of 3 kids, invests Rs. 100,000 monthly, moderate risk tolerance

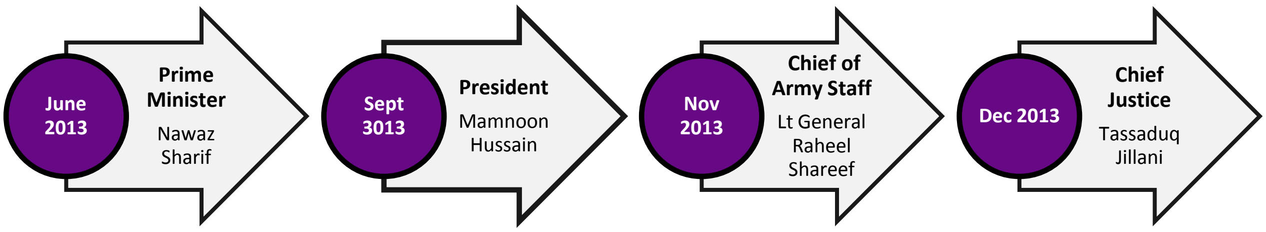


Note: Al Meezan tries to maintain a prudent stance on the stock market expectations in its communication to investors; hence, lower projected returns were used under an aggressive allocation strategy

May 11, 2013 marked the first ever peaceful civilian to civilian transfer of power in Pakistan over its sixty-six years of existence. The country saw an overwhelming victory of Pakistan Muslim League (N) over the predecessor government of Pakistan People's Party (PPP). While PPP bagged the second largest number of National Assembly seats, Pakistan Tehrik-e-Insaf (PTI) emerged as the third largest party in the political arena.

Corridors of Power - New faces

Since the clean sweep victory of PML (N) in General Elections 2013, the country has seen a whole new set of faces in the political arena. The incumbent new members in key army, judicial and federal positions have given rise to the 'Big 4' in whose hands the fate of this country now rests for upcoming future.



Peace talks - A road less travelled

The biggest political challenge for PML (N) since coming to power has been growing terrorism and deteriorating law and order situation. The route of negotiations with the banned Tehreek-e-Taliban Pakistan (TTP) to address the growing menace of terrorism was taken by PML (N) in consent with all political parties as the first step forward. With the first phase of negotiations closing successfully after multiple holdups, the government has now formed the new four-member committee to pursue the peace talks directly with the TTP.

While some political parties remain disputed between the path of negotiations or military operations, the announcement of a month-long ceasefire by TTP has provided the government a ray of hope towards a peaceful deal. However, uncertainty looms over how well the TTP will hold to their commitment of cease-fire. While military operation remains the government's last option, only further developments in the days to come will clear the direction of talks and the ultimate outcome.

TTP demands

Stop drone attacks

Introduce Sharia'h law in courts

Introduce Islamic system of education

Free Taliban prisoners

Withdrawal of army from tribal areas

End interest based banking

Nine months forward: Challenges on the run

Taliban peace talks

Extra-judicial killings; political victimization

US drone strikes

Restoration of NATO supplies

India-Pakistan relations

General Musharraf's high treason case

Foreign policy: Time for a paradigm shift?

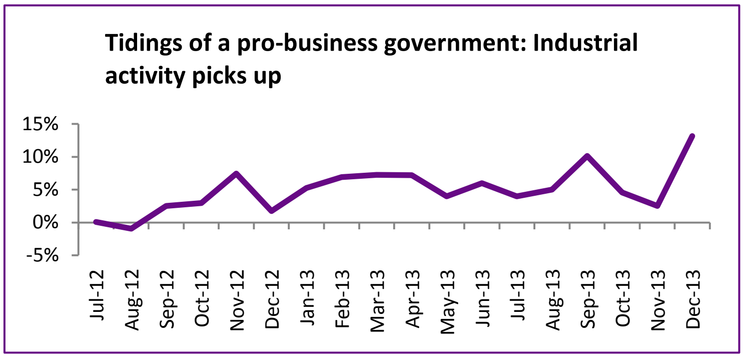
US, Pakistan Impasse - Relations between the two countries turned sour when a US drone strike killed the TTP leader, Hakimullah Mehsud in November 2013. With protestors led by Imran Khan choking off the NATO supply routes, there were voices that the issue of supplies blockade was emblematic of much bigger problems between the U.S. and Pakistan. However, tactful diplomacy resulted in pacifying the agitated Americans who had linked release of aid to Pakistan to smooth flow of NATO supplies. With restoration of NATO supplies, aid has been flowing since then with the Obama administration tabling a proposed bill for USD 1.5 bn annual aid package to Pakistan.

Election Year in India; Perception & Reality - As the world's biggest democracy heads towards elections this year; Pakistan is likely to see a whole new political set up in its neighboring country. With the current favorite, Narendra Modi of BJP likely to see victory, it is to be seen how Pakistan will deal with the hardliner nationalist to settle its decade old scores and improve bi-lateral relations.

ECONOMY: RECOVERY IN SIGHT?

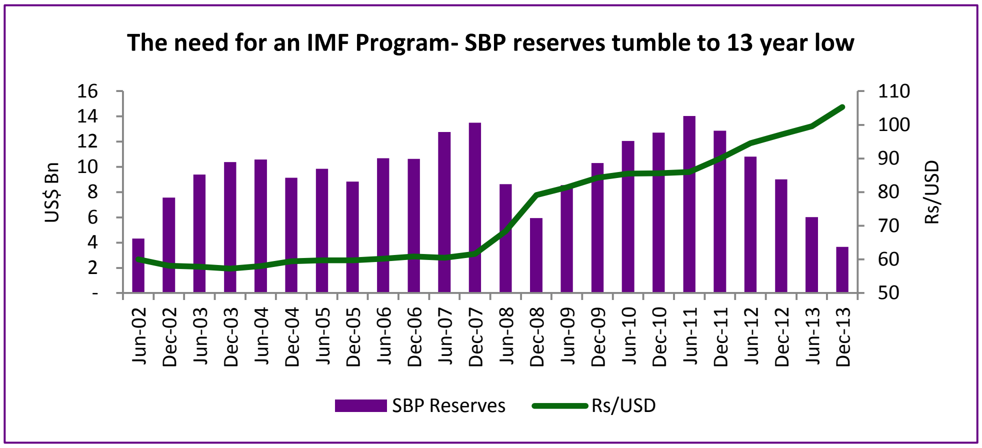
Economic wheels set into motion

The newly elected government took over the economic reins from its predecessor with multiple challenges in the form of a ballooning fiscal deficit, dried foreign inflows, falling reserves and a weak external account. Squeezing share of industrial and agricultural growth to GDP had suppressed the growth potential of the country. Structural reforms including the resolution of circular debt and improved power availability to industries have however led to the reversal of low growth rates with improvements already being reflected in large scale manufacturing (LSM) as shown in the graph on the right.



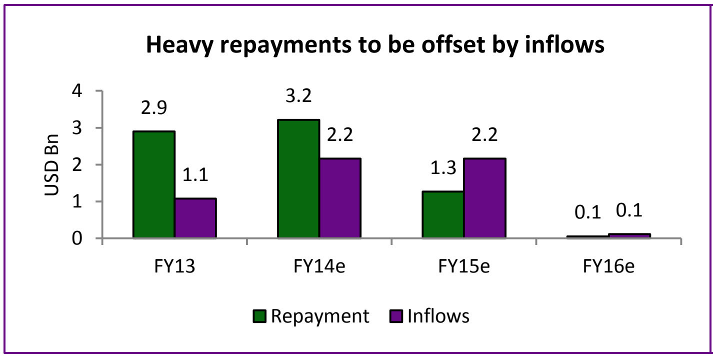
IMF - a harbinger of hope

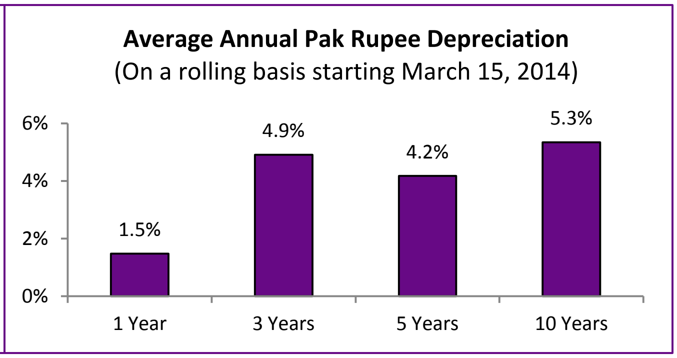
The approval of a USD 6.6 bn IMF loan package in September 2013 was seen by many as a cash lifeline for the economy. It not only rescued the country by easing uncertainty about the country's ability to pay off its due foreign loan repayments, but also repressed a potential crisis of confidence from brewing. The declining forex reserves of the country, which receded back to levels seen in 2008, caused panic in the exchange rate market with Rupee sliding to Rs. 111/USD at one point. However, Rupee has again started to appreciate and there are expectations that the fiscal year may close with a Rs/USD parity of Rs. 100/USD.



September 2013: Free Fall of the Rupee – a temporary phenomenon?

Rupee witnessed a period of weak performance against the USD starting from July and depreciated by 6% till December 2013. The freefall of the Rupee against the dollar in the aftermath of the IMF program and speculative positions taken by banks unnerved the market participants. In addition, the hefty one-off repayments due to IMF in Fiscal Year 2013-14 unmatched by sufficient external flows were seen as the primary culprit behind the ailing Rupee.



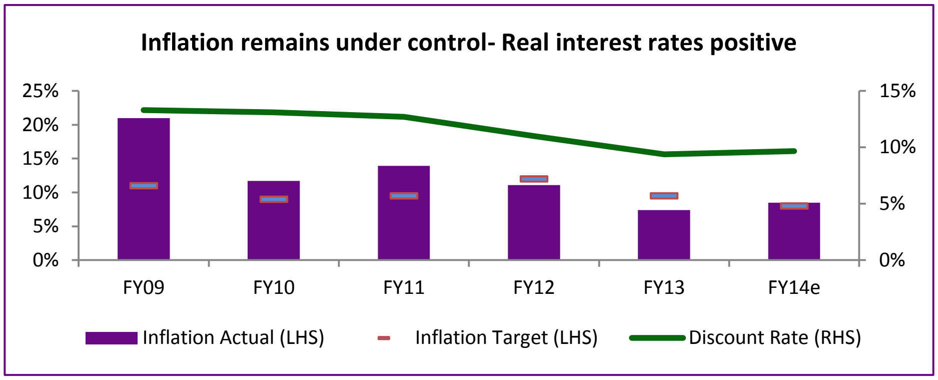


Friends to the rescue - Ailing Rupee responds

The dawn of Calendar Year 2014 saw currency depreciation gradually tapering off; it has recovered by almost 6% since January 2014. Release of USD 1.5 bn in the support fund created by the government, ban on gold imports, positive sentiments on account of release of tranches under the IMF program, disbursement of pending Coalition Support Funds (CSF) inflows, impending 3G/4G license auction, expeditious flows from multilateral lending agencies have been supporting the Rupee.

Easing Inflationary pressure

Re-emergence of inflationary pressures led the Central Bank to raise its policy rate in two 50 bps phases and putting an end to the monetary easing cycle started in August 2012. Fiscal adjustments, rationalization of electricity tariffs, increase in GST and Rupee depreciation led inflation to enter the double digit trajectory during July to December 2013. However with Rupee again strengthening against the dollar, prices of imported commodities will remain muted, and will keep inflation in check leading to a possible reversal in the discount rate direction. The government has also been able to keep inflation under check in the last two years as seen in the graph below.



Narrowing trade deficit uplifts the current account outlook

Narrowing trade deficit in the first eight months of the Fiscal Year 2013-14 with exports expanding by 4% as compared to an almost in line increase of 4% in imports has led to an improvement in the current account outlook. Even though current account recorded a deficit of USD 2.0 bn in the first eight months of the Fiscal Year 2013-14, a staggering 1.2% of GDP, there are expectations that the deficit will be curtailed to 1.5-2.0% of the GDP for the full fiscal year. Increase in exports to the European Union (EU) with the grant of GSP+ status, appreciating Rupee and stable crude oil prices provide an impetus to the full year outlook.

Fixing the fiscal deficit

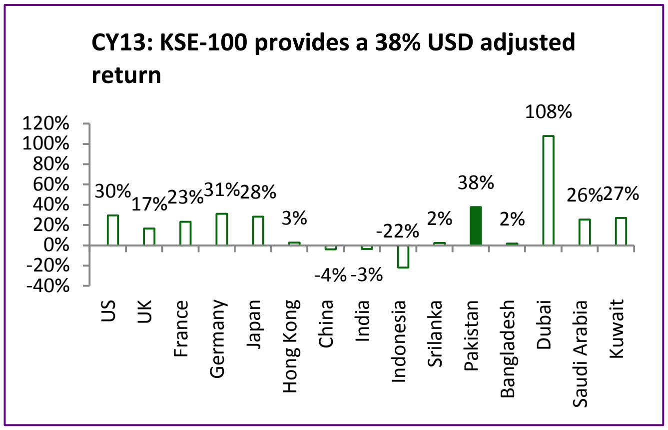
Stabilizing the economy through belt-tightening by curtailing the fiscal deficit that ballooned to 8.2% of the GDP in Fiscal Year 2012-13 is one of the priority areas under the IMF program. Progress has been made with the budget deficit for the first eight months of the Fiscal Year 2013-14 at low levels of 3.2%, highlighting the tight fiscal stance of the government. Broadening of the tax base, covering loopholes in the taxation system, levying of additional taxes and withdrawal of exemptions granted to the wealthy are some of the measures that may help the tax machinery to realize the ambitious Rs. 2,475 bn tax revenue target for the Fiscal Year 2013-14 and close the year with a 5.3% fiscal deficit. However, recent concerns of missing the tax revenue target by Rs. 200 bn provides a warning signal to the government to further improve on its tax collection.

Light at the end of the tunnel?

With slow and steady progress being made towards the structural benchmarks under the IMF program, the country may see its economic growth stabilizing with relative macroeconomic stability in the next few years. 5.1% GDP growth in the first quarter of the current Fiscal Year 2013-14, 17% increase in tax collection, increase in industrial production due to power availability all point towards economic covery in sight. Successful implementation of the reform plans outlined under the IMF program will put the economy back on its path to recovery enabling the economy to realize its true potential.

EQUITY: GROWTH SURPRISES TO CONTINUE

KSE-100 scaled new highs in 2013 with multiple factors playing in favor of the local bourse. The stock exchange rose to record highs and became one of the best performing markets of the world. When the biggest economies of the world seemed to tumble as shown in the graph below, investors started exploring smaller markets such as Mexico and Philippines to gain speedy returns. The returns offered by KSE-100 beat the smaller markets, paving way for continued foreign inflows.

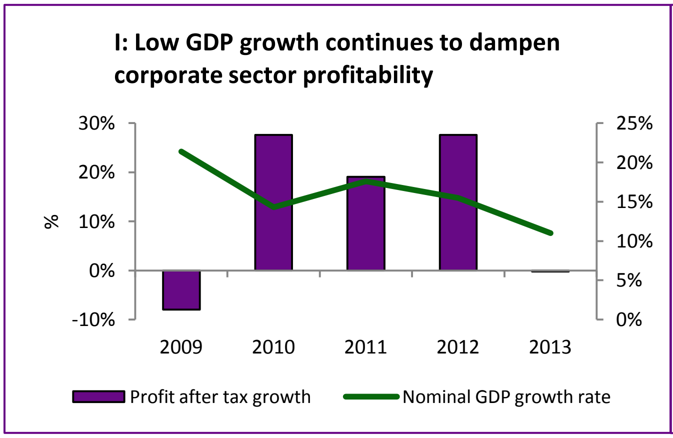


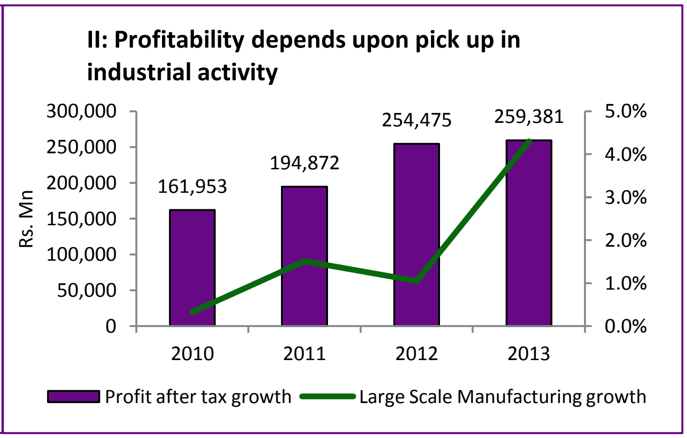
Monetary tightening eases

In the midst of Calendar Year 2013, the Central Bank, citing diffusing inflationary pressure, embarked upon a softening of the discount rate which bode well for the equity market. Stocks became more attractive compared to bonds and the investors looked towards the stock market to maximize their returns.

Buoyant corporate sector profitability

Comparing corporate sector profitability with real GDP growth over the years reveals that both variables moved in a similar direction. Low growth rate years of 2008-09 resulted in subdued profitability. The 3.6% GDP growth witnessed in Fiscal Year 2012-13 resulted in low profitability of the corporate sector. With implementation of structural reforms under the IMF program, corporate sector profitability may once again witness periods of high growth. Profitability also depends on growth in Large Scale Manufacturing (LSM); growing industrial activity leads to higher output and profitability as seen in the graph below.





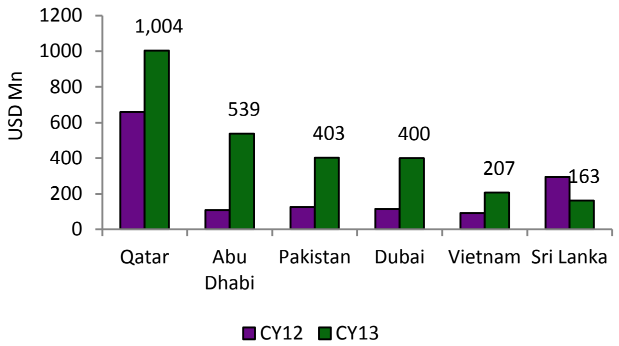
Source: I: Fiscal year profit after tax growth in Topline Research Coverage Universe (80% representation of KSE-100 Index), II: Fiscal year profit after growth in non-financial companies of KSE-100 index from Topline Research Coverage Universe

Foreign liquidity continues to dictate market direction

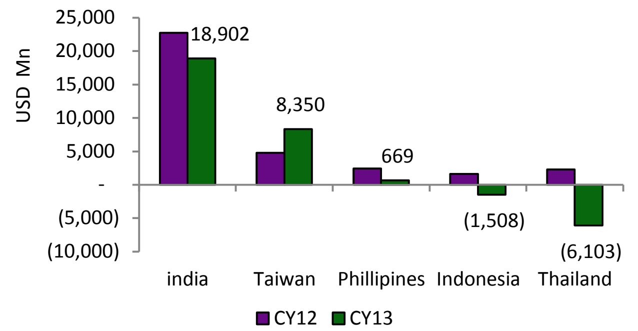
In Calendar Year 2013, the Karachi Stock Exchange (KSE) attracted almost 11% of the total net inflows of USD 3.4 bn seen in Frontier Markets. Foreigners bought USD 1.9 bn and sold USD 1.5 bn of Pakistani stocks, resulting in a net inflow of USD 403 mn against USD 126 mn in 2012. 2014 will again see foreign players driving the market especially at a time when government is divesting its shares in blue chip companies through privatizing the entities.

Emerging markets on the other hand have seen net outflows of USD 12.8 bn mainly on fears of curtailment in the US bond buying program. This correlation however failed to reflect in frontier markets like Pakistan, where KSE-100 continues to remain shielded from significant foreign liquidity outflows on fears of a cut-back in the bond buying program.

Frontier Markets: Foreign flows continue to exceed past levels *



Emerging Markets: India sees record net inflows, others witness net outflows

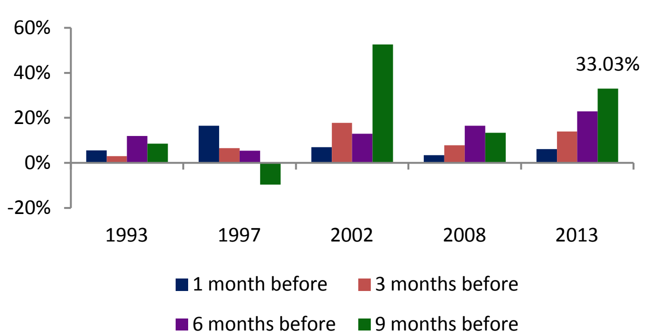


*Frontier markets recorded net inflow of USD 3.4 in Calendar Year 2013 whereas Emerging markets recorded net outflow of USD 12.8 bn. Graph above shows a sample of countries from the emerging and frontier markets (Source: Bloomberg, NCCPL)

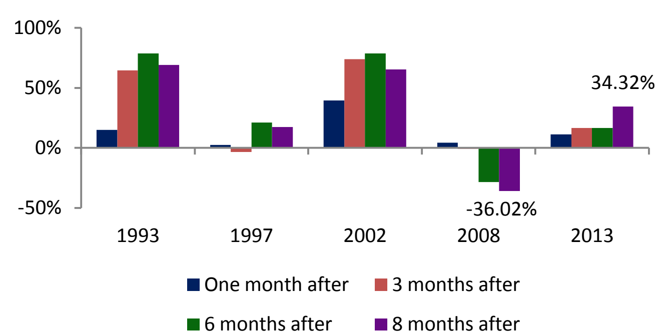
Investor confidence on a soar

May 2013 saw the smooth transition of power from one democratically elected government to another. This not only restored investor confidence but also improved business investment climate. A historical look at KSE-100 Index's performance pre and post elections reveal that it has performed consistently well. The index has soared 34% nine months after the general elections in May 2013. This is in sharp contrast to the 2008 general elections where the index took a downturn of -36% nine months later.

May 2013 election excitement: KSE- 100 inches 33% nine months *before* May'13 elections



KSE- 100 inches 34% nine months *after* May 2013 elections



Equity markets: What lies ahead?

End of monetary tightening

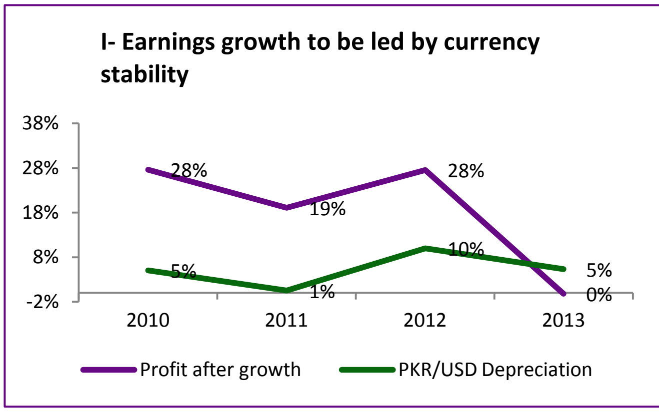
The reversal in interest rate easing which started in June 2013 will take a breather as inflationary pressures due to fiscal consolidation measures under the IMF program will subside. Inflation is once again back to single digits, fuelling expectations of a discount rate. With discount rate taking a downturn, private sector credit offtake and business activity may see further expansion.

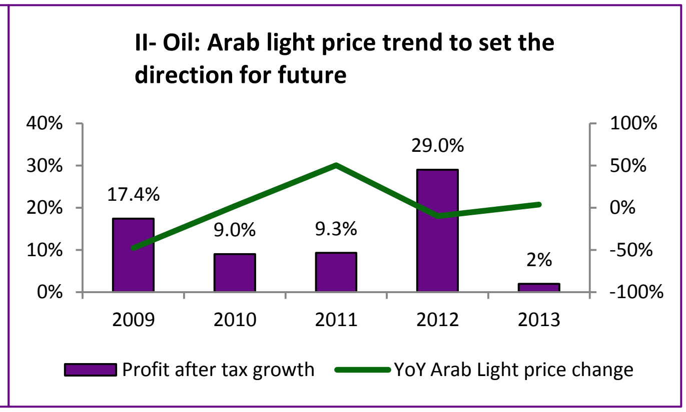
Foreign liquidity to drive the market

Foreign inflows will ensure the market remains on a firm footing in 2014. The stock market rally in 2013 was partially led by net buying of USD 403 mn. Local institutional and individual investors are cash-rich, waiting for the right time to re-enter. Tax amnesty scheme for industries announced by the government is expected to further provide momentum to the market.

Easing of currency depreciation fears

The freefall of Rupee against the USD has started to slow down in wake of realization of foreign inflows. Corporate sector profitability is expected to drive upwards with improvement in Rs/USD parity. A stable Rupee and decline in crude oil price will improve earnings in the sector. Past trends indicate a strong uptick in corporate sector profitability in periods where Arab light price increases remain subdued. Fiscal Year 2011-12 saw a buoyant corporate sector when prices of Arab light declined by 10%.





*I: Fiscal year Profit after tax growth of Topline Research Universe (80% representation of KSE-100). II: Profit after tax growth of non-financial firms in Topline Research Universe

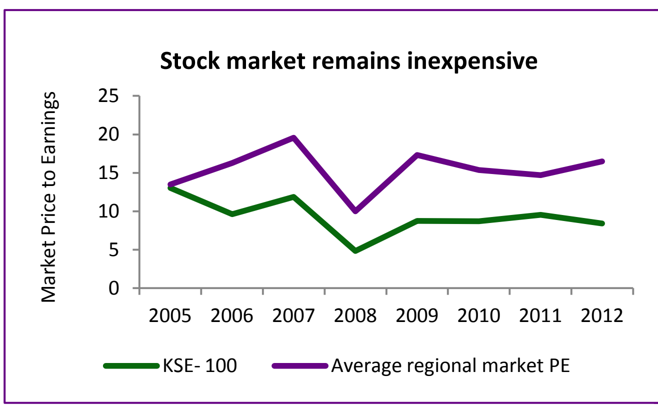
Privatization: Secondary market offerings

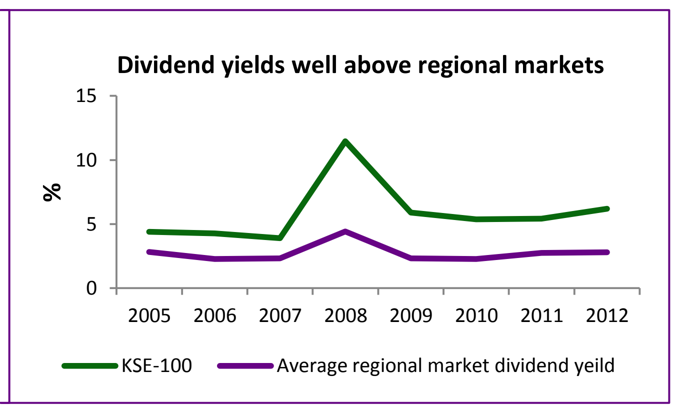
Secondary offerings as part of the government's privatization agenda are expected to bode well for market participants sitting on lot of cash. Thriving property markets and improved corporate sector profitability have fuelled a lot of liquidity with High Net Worth Individuals (HNWI) which will help in absorbing the sale of shares by government. Increased supply of shares will add to the depth and overall liquidity of the market and lead to efficient price discovery.

Companies	Divestment Plan
OGDC	10%
PPL	5%
UBL	20%
HBL	42%
ABL	10%

Attractive valuations & high dividend yields

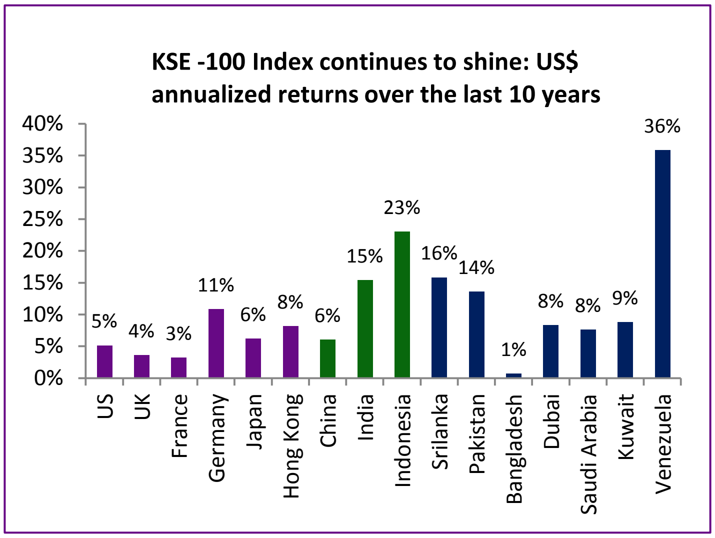
Despite the uncertain political and economic scenario, KSE-100 index will still be attractive based on cheap multiples and strong dividend yields. With market currently trailing at a PE of 8x in line with the 10 year average of 8.1x, it seems that stock market is still not expensive.





Equities leading the race

A comparison with leading stock markets of the world over a 10 year period shows that Pakistani stock market was able to beat the average return of 10.8% for 16 countries.



Purple denotes MSCI Developed Markets, **Green** denotes MSCI Emerging Markets and **Blue** denotes MSCI Frontier Markets. Returns based on Calendar Year.

2013: A year in global equities

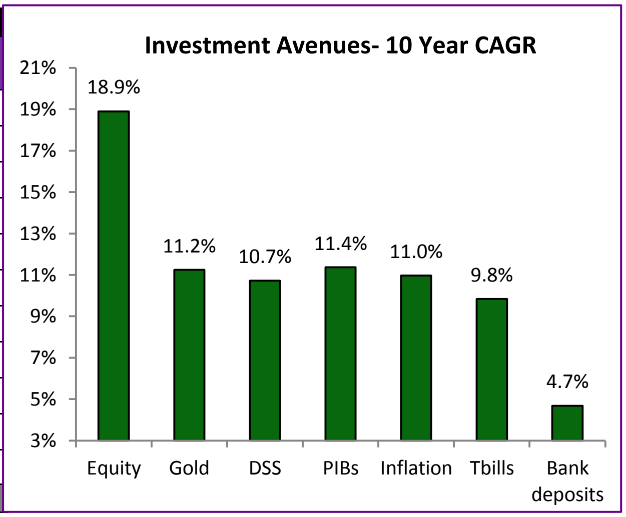
Ultra-easing monetary policies and an improving outlook worldwide led to a stellar year for equities. The concerns of scaling back of bond purchase program in the US kept the global markets jittery. Investors brave enough to plough their cash into shares in Venezuela would have quintupled their money in 2013.

KSE-100: Catching on the global trend

The local bourse remained the 10th best stock market in 2013 with its benchmark index posting an annual return of 49.4%, translating into a 37% return in USD terms. Pakistan's stock market has provided a compounded annual return of 18.9% over the last 10 years, as shown in the graph below. This was closely followed by gold that has glittered over the same period by registering a compounded annual return of 11%.

Investment Avenues

	Equity	Gold	DSS	10 Year PIBs	Inflation	T-bills	Bank Deposits
CY03	66%	19%	9%	5%	2.87%	2.31%	2%
CY04	39%	6%	8%	7%	7.43%	2.90%	1%
CY05	54%	18%	9%	9%	9.08%	7.63%	3%
CY06	5%	23%	10%	10%	7.92%	8.89%	3%
CY07	40%	31%	10%	10%	7.58%	9.19%	4%
CY08	-58%	6%	11%	14%	20.15%	11.64%	6%
CY09	60%	24%	11%	13%	13.94%	12.54%	6%
CY10	28%	30%	12%	13%	14.77%	12.62%	6%
CY11	-6%	10%	13%	14%	12.05%	13.31%	6%
CY12	49%	7%	12%	13%	9.72%	11.04%	5%
CY13	49%	-28%	11%	12%	7.68%	9.06%	7%
CAGR	**18.9%**	**11.2%**	**10.7%**	**11.4%**	**11.0%**	**9.8%**	**4.7%**



A Decade of Success – Meezan Islamic Fund (MIF)

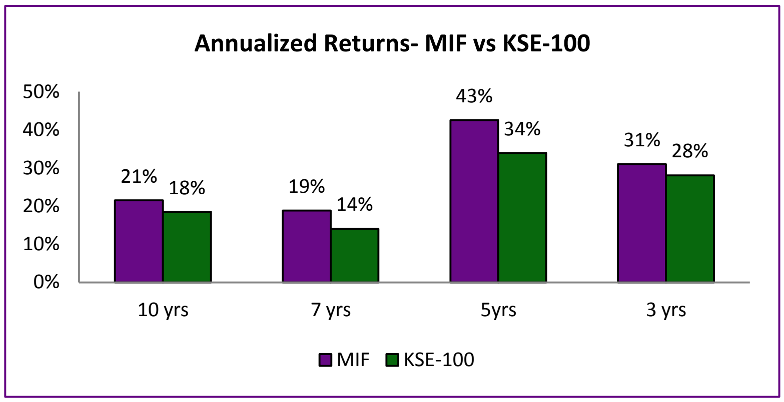
Meezan Islamic Fund (MIF) was launched in August 2003 as the first Sharia'h-complaint open-end mutual fund of Al Meezan. The objective of MIF is to invest in Sharia'h compliant equities while maximizing total return for investors by focusing on both capital gains and dividend income.

Having completed 10 years of operations last year, MIF has to its credit the recognition of being the industry's largest private sector equity fund. With current Assets under Management (AUMs) of over Rs. 12 Billion and annualized Rupee returns of 21% as of December 2013, MIF has accomplished remarkable performance in a short span of 10 years to become the flagship fund of Al Meezan Investments.

Meezan Islamic Fund – Beating the market

Compared to other viable investment avenues, equity has been the preferred choice for many looking to invest over long time horizons and willing to withstand short to medium term volatility.

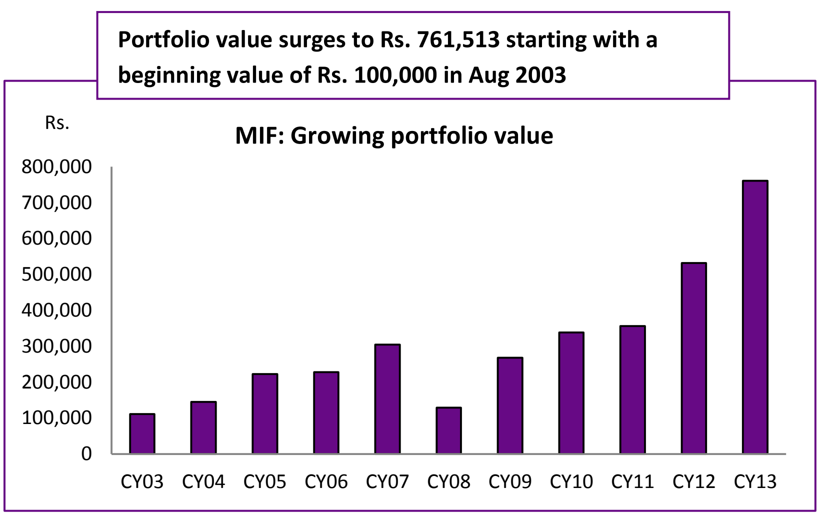
Evaluating the performance of MIF, it is highly commendable that MIF has predominantly outperformed not just industry's other equity funds, but its returns have outshined Pakistan's benchmark equity index of KSE-100 index. The graph on the right shows the Calendar Year (CY) annualized returns of MIF vs KSE-100 as of December 31, 2013 for the past 10,7,5, and 3 years.



**10-years annualized returns for KSE-100 & MIF is since the launch of MIF in August 2003*

It is worth noting from the chart above that MIF has consistently outperformed KSE-100 over the years. One of the reasons for this is that while KSE-100 is exposed to the market volatilities of all the companies in the index, MIF invests in only Sharia'h-compliant companies that resist the market swings better. This has enabled MIF to defend itself against some of the hard-hit sectors during the global financial crisis of 2008.

Grow your investment in Meezan Islamic Fund (MIF)



Assuming an investor made an initial investment of Rs. 100,000 in MIF on the day the Fund was launched and did not make any withdrawals. His investment would now have grown to Rs. 761,513 earning him an annualized return of 21%.

Over medium to long term, investment in equity is the best option to gain high returns. Even during less favorable market conditions, research and fund management team at Al Meezan Investments ensures that the best equity picks are included in MIF which help it sustain its consistently high returns against all industry peers and available investment avenues.

FIXED INCOME: TAKING A SLIDE

Fiscal Year 2013-14 had commenced immediately after an unexpected blow to the money market in the form of another 50bps cut to the key rate, just when the market was expecting a break in the SBP's monetary easing stance, bringing it down to 9%. This easing reflects a cumulative decrease of 500bps in the discount rate over two fiscal years.

The gloom surrounding the easing of the discount rate was short lived as fiscal consolidation efforts by the government in the aftermath of the IMF program led to a sharp increase in inflation. The Central Bank took a U-turn on its stance and increased the discount rate in November 2013 citing resurgence of inflationary pressure. The effect which this initial monetary easing and then monetary tightening had on interest rates and yields of other investment avenues in the money market can be seen in the following table:

	Before Monetary Easing (July 2011)	Post 500 bps decline in DR (August 2013)	Difference	Current Rates (March 2014)	Difference (from July 2011)
SBP Discount Rate	14.00%	9.00%	5.00%	10.00%	4.00%
GoP Securities					
6- Months T-Bills	13.76%	8.90%	4.86%	9.98%	-3.78%
10-Year Pakistan Investment Bonds (PIBs)	14.07%	11.95%	2.12%	12.70%	-1.37%
Ijarah Sukuks (3 year)	14.00%	8.99%	5.01%	9.73%	-4.27%
Saving Schemes					
Special Saving Certificates - 3 years	14.00%	9.50%	4.50%	12.00%	-2.00%
Defense Saving Certificates - 3 years	13.55%	10.36%	3.19%	12.26%	-1.29%
Corporate Instruments					
TFCs (AA- rated and above; 2 to 8 Years)	14.50%	9.50%	5.00%	11.50%	-3.00%
Corporate Sukuks	15.70%	10.20%	5.50%	11.00%	-4.70%
Bank Placement AA Rated and above)	12.50%	8.50%	4.00%	9.75%	-2.75%

Discount Rate: From status quo to easing once again

With pressure on the Rupee subsidizing once again and inflationary concerns receding, business sentiments are turning positive, and expectations are optimistic. Expectations of a discount rate cut appear plausible now in the near future.

Paradigm Shift: Government shifts towards long term borrowings

During the first 3 quarters of the Fiscal Year 2013-14, 18 T-bills auctions were conducted with a cumulative target of Rs. 5.6 tn in which Rs. 4.9 tn was accepted against a participation of Rs. 5.5 tn. Interestingly, 90% of this acceptance/participation came in the 3 month papers showing the persistent anticipation of uncertainty in the direction of the discount rate. PIB auctions reveal a similar trend where 3 auctions were conducted with a cumulative target of Rs. 420 bn with a participation of Rs. 785 bn and acceptance of Rs. 610 bn.

With declining inflation and rising confidence in the market, the government was successful in meeting their incremental borrowing needs from the long-term PIBs where it raised more than the targeted amount. 68% of the participation came in 3 and 5- year PIBs whereas participation in 10-year PIB still remains thin with only 28% of the total participation indicating an uncertainty over the future interest rate direction.

New Ijarah Sukuk in the offering

For the Sharia'h compliant investors, wait for a new Ijarah sukuk continues; a new Ijarah has still not been announced since the last issuance in March 2013. Excess liquidity prevails in the market since three Ijarah issues have matured in the eight months of the current Fiscal Year 2013-14. Contrary to the market expectations, a new Ijarah has still not been announced due to which the Ijarah prices have been continuously shooting up in the secondary market. As per the latest market expectations, a new Ijarah auction is now expected to be announced before the end of the third quarter but if the same does not materialize, then with another Ijarah (Ijarah VIII) maturing in May 2014, the prices of the running Ijarahs in the secondary market can be expected to climb up, resulting in a further decline in Shariah compliant investment yields.

PATH OF ACTION: BALANCE YOUR OPTION

With PML (N) taking the landslide victory in General Elections 2013, the question really is:

Will PML (N) fulfill their tall promises and live up to the high hopes of people?

If the past ten months have been a trailer of the next four years to come, we can reasonably be optimistic about the state of the country. The key trigger that can play the turnaround game for the country is the negotiations with the Taliban. Uncertainty is high and stakes are even higher. The fate of the on-going negotiations with the Taliban and the stakes on the sustainability of economic recovery are some of the key aspects detrimental to the positive growth of the country in the long term.

Economic Triggers

- **3G/4G spectrum license auction**
- **Elimination of energy crises**
- **Results from GSP Plus status**
- **Privatization of PSEs**
- **Tax Base broadening**

Political Triggers

- **Talks with Taliban**
- **Law and Order stability**
- **India-Pakistan relations**
- **Withdrawal of US troops from Afghanistan**

If you feel upbeat on the market, are young, dynamic and willing to take chances, ***Meezan Islamic Fund(MIF)***, ***Al Meezan Mutual Fund(AMMF)*** and ***KSE Meezan Index Fund(KMIF)*** are your ideal investment avenues.

If you are an investtor with a focus on saving for your retirement plan, ***Meezan Tahaffuz Pension Fund (MTPF)*** will optimize your after-tax cash flows and relieve you from your post retirement financial worries

If you have an uncertain view on the market but want to avoid investing in pure income funds, ***Meezan Financial Planning Fund of Fund (MFPF)*** is the perfect investment fund to enable you meet your specific risk/return appetite.

If you have a moderate view on the market, invest in a portfolio that provides exposure to both the Equity and Fixed Income. ***Meezan Balanced Fund (MBF)*** will enable you to capitalize on market upside while providing you a safe income base.

If you are looking for a stable stream of income without taking on risk, ***Meezan Sovereign Fund(MSF)***, ***Meezan Islamic Income Fund (MIIF)***and ***Meezan Cash Fund (MCF)*** are bound to fulfill your needs.

Al Meezan provides you a suite of investment funds to cater to your specific risk tolerance and return requirement.

Investors need to focus more on long-term plans that yield substantial returns through every boom and bust cycle. Moreover, a greater focus on research and analysis and prudent fund management aimed at reducing risk and protecting investments should be the priority. For such tailored and personalized investment advisory and allocation services, investors are advised to approach our professional investment advisors. Just dial 0800- HALAL (42525) or SMS "INVEST" to 6655, and one of our representatives will contact you promptly.