



# Al Meezan

Investment Management Ltd

MKT/FMR/02/10

September 04, 2009

Dear Investor,

Ramadan Mubarak to you and your family! May Almighty Allah accept our prayers, bestow his blessings and fill our lives with prosperity, success, happiness and peace.

The fundamentals of Pakistan's Equity Market are quite strong based on improving macro economic indicators which are reflected in recent upgrade of Pakistan's sovereign rating and substantial foreign portfolio inflow. This improvement is reflected in NAV of Meezan Islamic Fund (MIF) as well, which has provided a return of 85% to investors in a short span of time since the beginning of 2009. Despite this run up, Pakistan market is still trading at P/E multiple of 7 times 2010 earnings. We would therefore encourage you to keep investing in MIF on a regular basis to benefit from the potential upside in stock market.

Meezan Cash Fund (MCF), Pakistan's first Shariah compliant money market fund with stability rating of 'AA(f)' was launched in mid June 2009. At the close of the FY 09, its net assets were Rs. 624 million which now stand at Rs.1,141 million, depicting an increase of 83% in just two months time. Since inception, MCF has provided annualized return of 10.35% to investors.

The net assets under management of Al Meezan Investments have increased from Rs. 12.3 billion on 30<sup>th</sup> June to Rs.14.7 billion as on 31<sup>st</sup> August, 2009 which is reflective of your confidence and trust in our funds. We are thankful for your valuable support and continued patronage. We will continuously strive to give the best Shariah compliant investment management services to all our investors.

A detailed Fund Manager's Report for the month of August 2009 is enclosed for your review and record.

Yours truly,

A handwritten signature in black ink, appearing to read 'ARL'.

**Muhammad Anas Rehan**  
AVP Marketing



## AL Meezan Investment Management Limited

August, 2009

Al Meezan Investments (AMIM), the company in operation since 1995, has one of the longest track records of managing mutual funds in the private sector in Pakistan. Al Meezan Investments manages seven mutual funds; namely Al Meezan Mutual Fund, Meezan Balanced Fund, Meezan Islamic Fund, Meezan Islamic Income Fund, Meezan Tahaffuz Pension Fund, Meezan Capital Protected Fund – I and Meezan Cash Fund. AMIM launched its seventh mutual fund, Meezan Cash Fund (MCF), which is the first Shariah complaint money market fund, in June 2009.

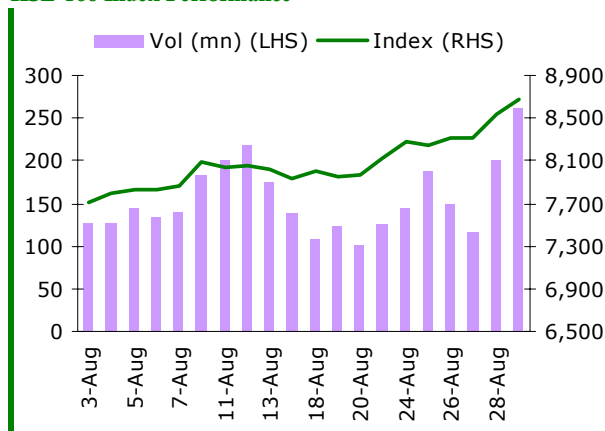
The total size of funds under management of Al Meezan Investments, the only full fledged Shariah compliant asset management company in Pakistan, have reached Rs. 14.76bn as on August 31, 2009. With AM2 - Management Quality rating, the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

### STOCK MARKET REVIEW

In August, KSE-100 Index gained 955pts (12.37% up) to close at 8,676 with the average daily volume of 155mn shares as compared to 160mn shares in July.

The market was bullish throughout the month due to positive news namely release of IMF tranche, CPI inflation declining to 11.17%, higher remittance for July US\$747mn (19% increase YoY) and a 31% YoY drop in trade deficit coupled with new oil well discoveries and better than expected corporate results. The market was led by the oil and exploration sector, followed by banks on the back of the news of MCB acquisition of RBS and inclusion of HBL and PPL in MSCI-Frontier Index. Though the market was disappointed by 100bps decline in policy rate by SBP, it quickly regained its momentum due to improvement of Pakistan's sovereign outlook by Moody from Negative to Stable and increase in Pakistan's sovereign debt rating by one notch to B- by Standard and Poor. As a result, the month witnessed a net foreign portfolio inflow of US \$95mn, (the highest portfolio inflows since February 2008) which shows the confidence of the foreign investors in Pakistan. Going forward, we expect the market to maintain its strength and the foreign buying to continue. Moreover, Friends of Pakistan meeting later in September is expected to bring some good news for country's macroeconomics.

#### KSE-100 Index Performance



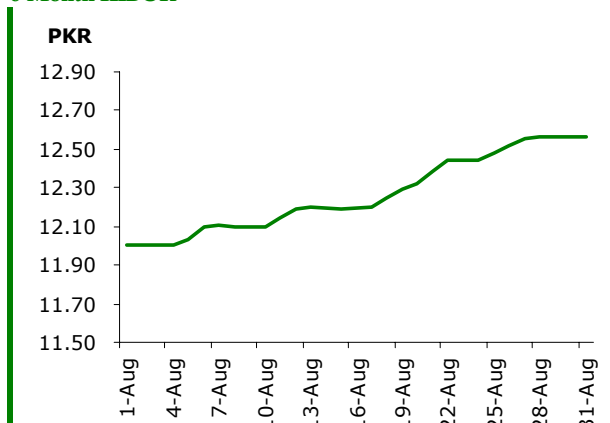
### MONEY MARKET REVIEW

SBP announced its monetary stance for the next two months, reducing the discount rate by 100bps to 13%. In addition to monetary easing, SBP also introduced an interest rate corridor, providing a repo facility at 300bps below the discount/reverse repo rate. Since the cut turned out to be on the lower side of market expectations, the interbank rates continued to increase gradually, with six-month KIBOR increasing by 57 bps to 12.56% from its lowest level of the month. The overnight money market rates however became range bound after the introduction of repo and reverse repo facility and hovered within a comfortable band of 11.5% to 12.5%.

During August, SBP conducted two T-bill auctions and accepted Rs. 129 billion worth of bids against a cumulative target of Rs. 120 billion. In line with expectations, the cut-off rate on one-year paper increased 57bps and closed at 12.44%. The SBP also announced the auction of fourth Ijara Sukuk with a target of Rs 10 billion.

The approval of IMF's third tranche (amounting US\$ 1.2mn) and the subsequent increase in foreign exchange reserves (US\$ 13.1 billion at month end) gave the much needed support to weakening rupee. Month-on-month, Rupee gained 0.05% against the green-back, closing at Rs. 83.20 to a dollar.

#### 6 Month KIBOR



#### Disclaimer

This report has been prepared by Al Meezan Investment Management Limited for information purposes only. Reasonable care has been taken in the preparation of the report. However, Al Meezan Investment Management Limited nor any of its employees or affiliated entities takes any responsibility for any loss that may be incurred by any user of this report.

# MEEZAN ISLAMIC FUND (MIF)



Pakistan's Largest Shariah-compliant Open-End Equity Fund

## Fund Statistics:

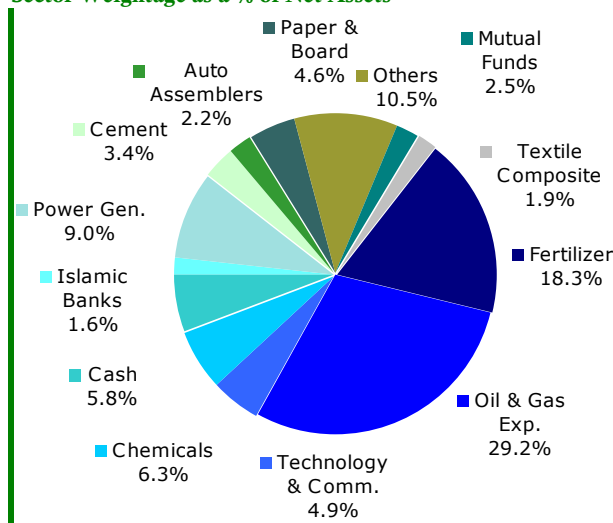
|                |                              |
|----------------|------------------------------|
| Fund Type:     | Equity                       |
| Launch Date    | 8th August 2003              |
| Trustee        | Central Depository Company   |
| Auditors       | A.F. Ferguson                |
| Management Fee | 2%                           |
| Front End Load | 2%                           |
| Benchmark      | DJIMPK                       |
| Listing        | KSE                          |
| Fund Rating    | 3 Star (Long term - JCR-VIS) |

## Performance

| Month on Month                    | July '09 | Aug '09 |
|-----------------------------------|----------|---------|
| Return on MIF                     | 8.92%    | 10.67%  |
| Return on KSE-100 index           | 7.80%    | 12.37%  |
| Return on DJIMPK                  | 10.07%   | 7.96%   |
| Year - to - date (FY)             |          |         |
| Return on MIF                     | 8.92%    | 20.55%  |
| Return on KSE-100 index           | 7.80%    | 21.13%  |
| Return on DJIMPK                  | 10.07%   | 18.83%  |
| Cumulative return since inception |          |         |
| Return on MIF                     | 123%     | 146%    |
| Return on KSE-100 index *         | 84%      | 106%    |

\*since DJIMPK was launched in July 2004, MIF is compared to KSE-100 index.

## Sector Weightage as a % of Net Assets



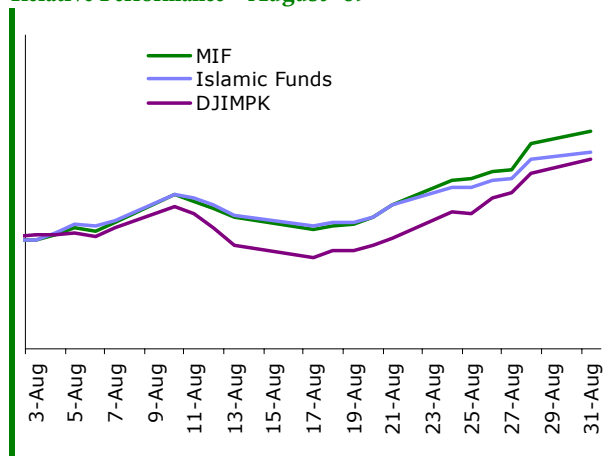
## Top Ten Holdings (in alphabetical order)

|                            |                         |
|----------------------------|-------------------------|
| Fauji Fertilizer Bin Qasim | Pakistan Telecom        |
| Fauji Fertilizer Co.       | Pakistan Oilfields      |
| ICI Pakistan Limited       | Pakistan Petroleum Ltd. |
| Oil & Gas Development Co.  | Pakistan State Oil      |
| Packages Limited           | The Hub Power Co. Ltd.  |

## Fund Assets:

|                 | July '09 | Aug '09 | MoM %  |
|-----------------|----------|---------|--------|
| Net Assets (mn) | 4,044    | 4,333   | 7.15%  |
| NAV Per Unit    | 38.43    | 42.53   | 10.67% |
| KSE-100 Index   | 7,721    | 8,676   | 12.37% |
| DJIMPK          | 12,861   | 13,885  | 7.96%  |

## Relative Performance – August '09



## FUND REVIEW

Net assets of Meezan Islamic Fund as at August 31, 09 stood at Rs. 4.3bn. The fund's NAV appreciated by 10.7% during the period under review against an appreciation of 8% in the benchmark index (DJIMPK) while KSE 100 Index, during the same period increased by 12.4%.

The positive news from the macro economic front kept the market sentiments bullish throughout the month. Due to the improvement in rating by Moody's and Standard and Poor, the foreign investors' confidence in the market drastically improved. With the view that the market will continue its bull run, we have maintained 94.2% exposure in equities.

# MEEZAN ISLAMIC INCOME FUND (MIIF)

*Pakistan's First Shariah-compliant Open-End Income Fund*

## Fund Statistics:

|                       |                            |
|-----------------------|----------------------------|
| Fund Type             | Open End                   |
| Risk Level            | Minimal                    |
| Launch Date           | 15-Jan-07                  |
| Trustee               | Central Depository Company |
| Unit Types            | A, B & C                   |
| Auditors              | A.F. Ferguson & Co.        |
| Portfolio Duration    | 25 Days                    |
| Fund Stability Rating | A+ (f)                     |

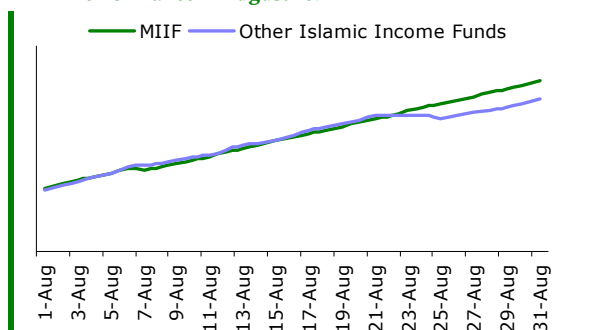
## Fund Assets:

|                    | Jul '09 | Aug '09 | MoM % |
|--------------------|---------|---------|-------|
| Net assets (Rs mn) | 5,530   | 5,760   | 4.16% |
| NAV per unit (Rs)  | 50.69   | 51.08   | 0.76% |

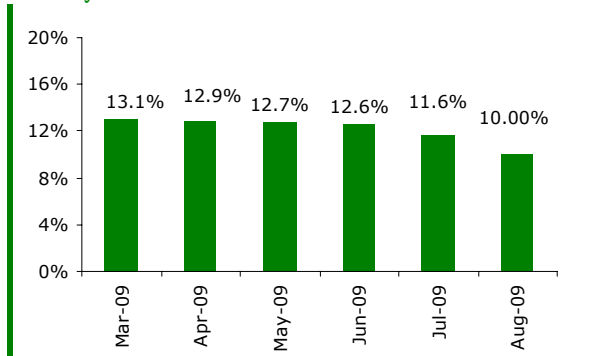
## Performance

| Month on Month                                 | Jul '09 | Aug '09 |
|--|---------|---------|
| Return on MIIF                                 | 1.05%   | 0.76%   |
| Return on MIIF (annualized)                    | 13.09%  | 9.37%   |
| Year - to - date (FY)                          | Jul '09 | Aug '09 |
| Return on MIIF (annualized)                    | 13.09%  | 11.21%  |
| Cumulative return since inception (annualized) | Jul '09 | Aug '09 |
| Return on MIIF                                 | 9.88%   | 9.86%   |

## MIIF Performance – August '09

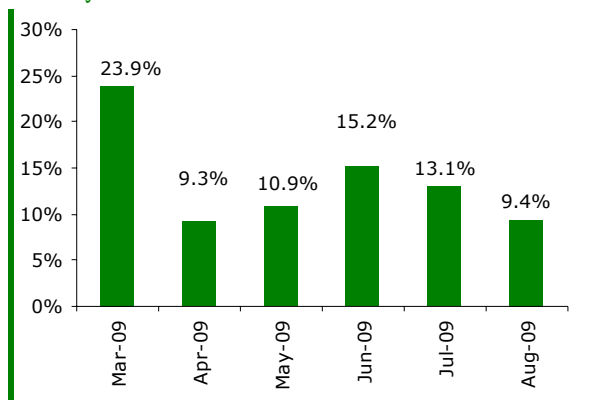


## Monthly Annualized Returns\* for last 6 months

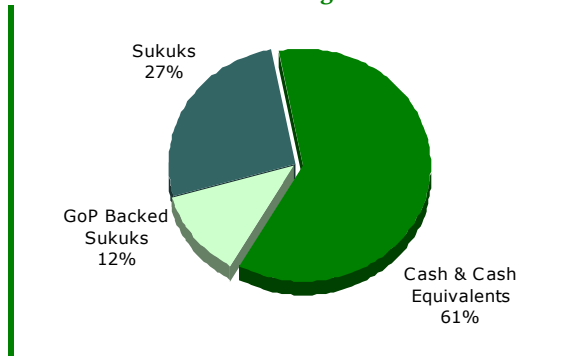


\* adjusted for revaluation impact

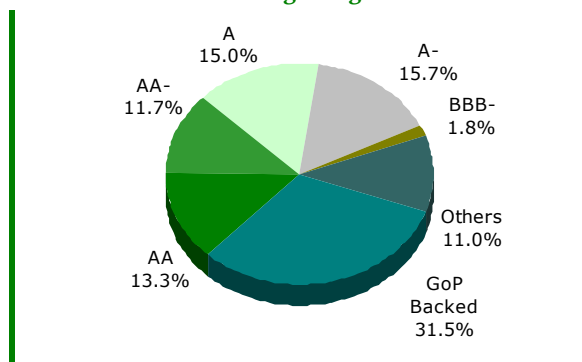
## Monthly Annualized Returns – NAV based



## MIIF Assets Distribution – August '09



## Sukuk Distribution - Rating– August '09



## FUND REVIEW

MIIF is aimed at providing our valued customers with a consistent stream of income that not only complies with Shariah, but also focuses on long term preservation of capital. Major portion of the fund is invested in liquid Islamic income avenues.

The annualized return of Meezan Islamic Income Fund (MIIF) was 9.4% for August 09, with net assets of the fund at Rs. 5.8bn.

# MEEZAN CASH FUND (MCF)

*Pakistan's First Shariah-compliant Money Market Fund*

## Fund Statistics:

|                       |                            |
|-----------------------|----------------------------|
| Fund Type             | Open End                   |
| Risk Level            | Minimal                    |
| Launch Date           | 15-Jun-09                  |
| Trustee               | Central Depository Company |
| Unit Types            | A                          |
| Auditors              | A.F. Ferguson              |
| AMC Rating            | AM2 -                      |
| Fund Stability Rating | AA (f)                     |

## Fund Assets:

|                    | Jul '09 | Aug '09 | MoM %  |
|--------------------|---------|---------|--------|
| Net assets (Rs mn) | 828     | 1,141   | 37.86% |
| NAV per unit (Rs)  | 50.43   | 50.84   | 0.81%  |

## Performance

| Month on Month                    | Jul '09 | Aug '09 |
|-----------------------------------|---------|---------|
| Return on MCF                     | 0.84%   | 0.81%   |
| Return on MCF (annualized)        | 10.29%  | 10.00%  |
| Year - to - date (FY)             |         |         |
| Return on MCF (annualized)        | 10.29%  | 10.15%  |
| Cumulative return since inception |         |         |
| Return on MCF (annualized)        | 10.54%  | 10.30%  |

## Salient Features

Maximum Preservation of Principal Investment

High Liquidity (Redemption within Two working days)

### Key Benefits

Tax-free Returns

No Sales Load (No Entry or Exit charges)\*

Tax Credit as per tax laws

Investments in High Grade & Liquid avenues:

### Investment Policy and Strategy

Instrument/Issuer Rating : **Minimum 'AA'**

Maximum Maturity of Instruments : **Six Months**

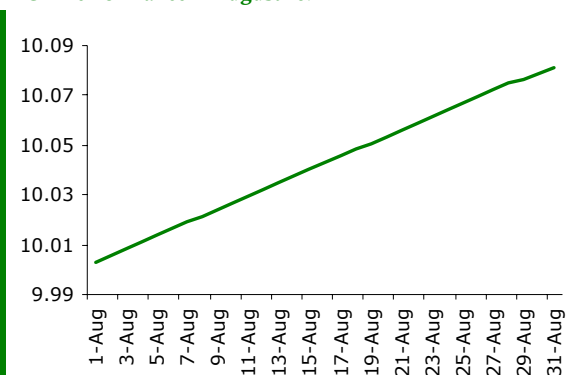
Average Time to Maturity of Portfolio : **Three Months**

### Benchmark

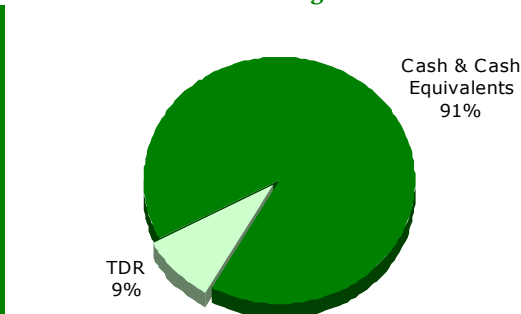
Average Return on 3 month deposit with Islamic Banks

\* Back End Load: 0.1% if redeemed within first 3 working days of Investment

## MCF Performance – August '09



## MCF Assets Distribution – August '09



## FUND REVIEW

Al Meezan Investments launched the first Shariah compliant money market fund – Meezan Cash Fund (MCF) during June. The fund provides our valued investors with the opportunity to park their excess liquidity in secure high quality instruments. To minimize the impact of interest rate volatility, the investment policy limits the investment avenues to short term, i.e. to a maximum maturity of six months. Moreover, to ensure security of investment, rating of instruments must at least be 'AA'.

As of August 31 2009, the net assets of the fund were Rs. 1.1bn, showing a growth of 37% month-on-month. For August 09, the fund earned a profit of 10%.

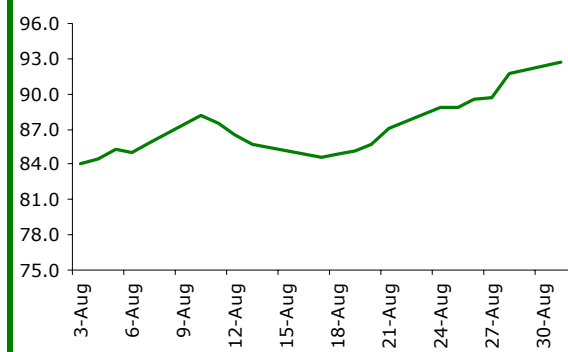
# MEEZAN TAHAFUZ PENSION FUND (MTPF)

Pakistan's First Shariah-compliant Open-End Pension Fund

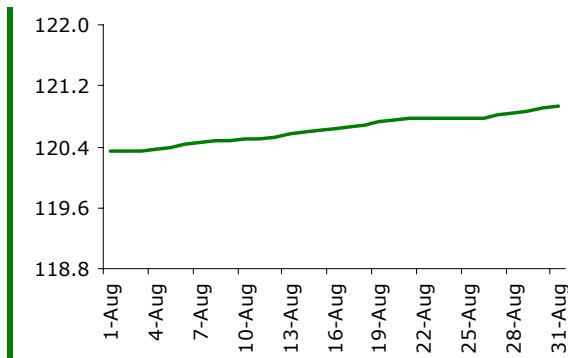
## Fund Statistics:

|             |                            |
|-------------|----------------------------|
| Fund Type   | Open End                   |
| Risk Level  | Minimal                    |
| Launch Date | 28-Jun-07                  |
| Trustee     | Central Depository Company |
| Unit Types  | A                          |
| Auditors    | A.F. Ferguson              |
| AMC Rating  | AM2 -                      |

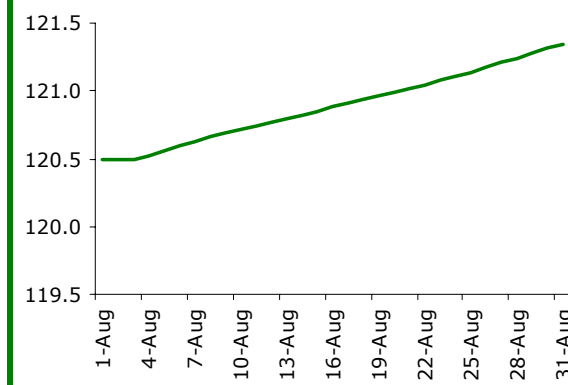
## MTPF Equity Sub Fund August 2009



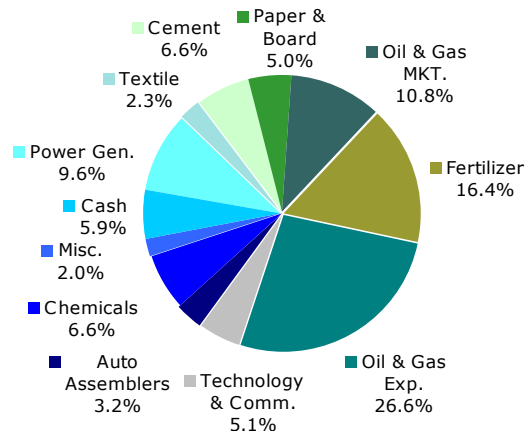
## MTPF Debt Sub Fund August 2009



## MTPF Money Market Sub Fund August 2009



## Sector Weightage as a % of Net Assets (MTPF – Equity)



## Performance

|                     | MoM    | YTD    | Since Inception |
|---------------------|--------|--------|-----------------|
| MTPF- Equity        | 10.39% | 20.78% | -7.55%          |
| MTPF- Debt*         | 6.71%  | 6.85%  | 9.01%           |
| MTPF- Money Market* | 9.68%  | 7.17%  | 9.19%           |

\* at annualized rate

## Fund Assets:

| PKRmn              | July'09 | Aug'09 | MoM %  |
|--------------------|---------|--------|--------|
| MTPF- Equity       | 67.48   | 75.39  | 11.73% |
| MTPF- Debt         | 70.96   | 71.71  | 1.06%  |
| MTPF- Money Market | 62.30   | 62.85  | 0.88%  |

## FUND REVIEW

As at August 31, 2009 total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 210mn.

The annualized MoM returns on Debt and Money Market sub funds were 6.7% and 9.7% respectively. Furthermore, equity sub-fund has appreciated by 10.4% MoM.

**MUHAMMAD ASAD**  
CHIEF INVESTMENT OFFICER