



# Al Meezan

Investment Management Ltd

MKT/FMR/04/10

November 05, 2009

Dear Investor,

We are pleased to inform you that Al Meezan Investments has declared an interim Cash dividend @ **10%** each (i.e., Re. 1 per share/certificate) for its closed end mutual funds namely **Al Meezan Mutual Fund (AMMF)** and **Meezan Balanced Fund (MBF)**. The book closure of these funds will be held from November 20, 2009 and the shareholders/certificate holders whose names will appear in the register of the respective fund, will be entitled for the dividend. During the past nine months equity market appreciated quite well and simultaneously AMMF and MBF posted healthy returns of 101.18% and 63.63% respectively.

At the close of the 1<sup>st</sup> quarter ended September 30, 2009, Meezan Islamic Fund (MIF), Pakistan's largest equity fund in the private sector has provided a remarkable return of 28.12% to its investors (NAV appreciation from Rs. 35.28 as on June 30, 2009 to Rs. 45.20 as on September 30, 2009) as compared to 30.54% appreciation in KSE-100 Index and 28.18% appreciation in its benchmark KSEMeezan Index. Considering the current market conditions, we would like to encourage our investors to obtain exclusive advice on investment allocation among different asset classes for optimal returns. You may contact Al Meezan Investments offices or investment officers at designated branches of MBL across the country or simply drop an email at [info@almeezangroup.com](mailto:info@almeezangroup.com) with your contact details and we will designate one of our investment officers to contact you.

Return	Oct 09	Jul – Oct 09	Jan – Oct 09
MIF	-0.68%	27.25%	101.00%
MIIF (Annualized)	11.60%	11.14%	18.69%
MCF (Annualized)	10.29%	10.16%	-

In order to reach the maximum number of prospective investors and to bring to you the benefits of Shariah compliant investment solutions, we undertake various marketing initiatives. "All About Life Style" is a mega event organized by Dawn Group of Newspapers. This prestigious exhibition will be held at Karachi at Expo Centre from November 20, 2009 to November 22, 2009. You are invited to visit our stall No. 50 in Hall 2 along with their families.

Alhamd'o'lillah, net assets under management of Al Meezan Investments have increased by 25.15% during the current fiscal year i.e., from Rs. 13.04 billion as at June 30, 2009 to Rs.16.32 billion as at October 31, 2009, thus making it the third largest asset management company in Pakistan in the private sector. We would like to highlight that the retail investor base of Al Meezan Investments has crossed 10,000 mark, which is the highest in open end private sector mutual funds in Pakistan. This success is reflective of the confidence and trust of both individual and institutional investors. We thank our investors for their valuable support and continued patronage.

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

Yours truly,

**Muhammad Anas Rehan**  
AVP Marketing



## AL Meezan Investment Management Limited

October, 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 compliant 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. 16.32 billion as on October 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 the month of October, KSE 100 index took a technical correction and lost 181pts after rising for three months in a row, closing the month at 9,159 with the average daily volume of 215 million shares as compared to 258 million shares in September.

The market remained volatile due to political and law and order situation in the country and uproar from different fronts relating to conditions attached to the Kerry Lugar Bill. These overshadowed the positive news on the macro front about September CPI (down to 10.12% YoY), current account deficit (declining to \$462 million as compared to \$4.2 billion last year) and remittances (up 22% YoY). However, the banking sector had a positive rally when SBP allowed the banks to consider 40% (instead of 30%) of the Forced Sale Value of the collateral. Later the news of commencement of gas production in Manzalai field in the Tal Block generated investors' interest in the E&P sector. The corporate results were in line with the expectation. Moreover, the market witnessed a net foreign inflow of \$38 million for the month.

Since the market has undertaken a marginal correction, we are positive on the market, with next monetary policy statement in November to play an important role.

#### KSE-100 Index Performance



### MONEY MARKET REVIEW

The money market remained tight with the overnight call/repo rates hovering around 12.25 to 12.75%. Interbank rates followed similar trend with six months KIBOR increasing by 19bps to 12.84% during the month.

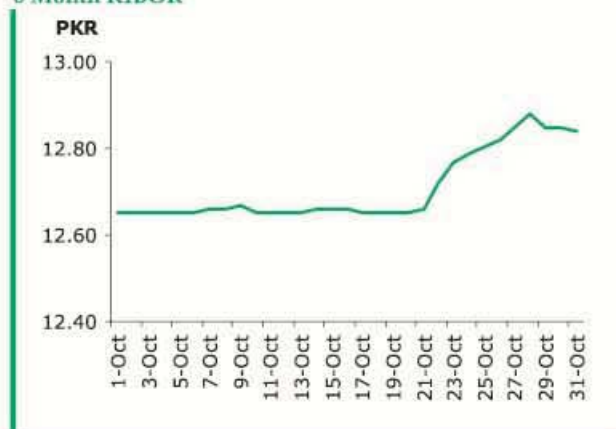
SBP conducted two T-bill auctions in October and accepted Rs. 45 billion worth of bids against a cumulative target of Rs. 55 billion. The cut-off rate for six month T-bill remained flat at 12.59% during the month. On the foreign exchange front, strong foreign exchange reserves balance helped maintain Rupee-Dollar parity. Month-on-month, Rupee depreciated marginally (down 0.6%) against US\$ and closed at Rs. 83.68 to a dollar.

Going forward, SBP is going to announce bimonthly monetary policy statement in November in which market expectation is that the policy rate will be cut by 50-100bps which will ease the pressure in the money market.

#### Bond Automated Trading System (BATS)

From November 2, 2009, trading in debt instruments on Bond Automated Trading System (BATS) will start. This will help to develop secondary market for bonds/sukuks whose prices will also move in line with the market conditions

#### 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:

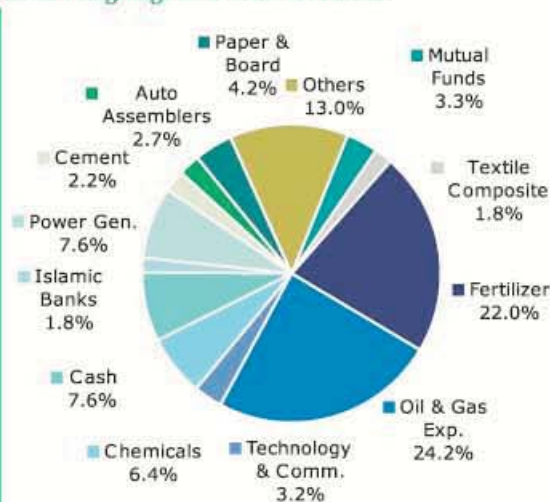
Fund Type:	Equity
Launch Date	8th August 2003
Trustee	Central Depository Company
Auditors	A.F. Ferguson
Management Fee	2%
Front End Load	2%
Benchmark	KMI-30 Index
Listing	KSE
Fund Rating	3 Star (Long term - JCR-VIS)

## Performance

Month on Month	Sep '09	Oct '09
Return on MIF	6.28%	-0.66%
Return on KSE-100 index	7.77%	-2.04%
Return on KMI-30 index	5.49%	-2.95%
Year - to - date (FY)		
Return on MIF	28.11%	27.24%
Return on KSE-100 index	30.54%	27.88%
Return on KMI-30 index	28.18%	24.40%
Cumulative return since inception		
Return on MIF	162%	160%
Return on KSE-100 index *	122%	118%

\*since KMI-30 was launched in September 2009, MIF is compared to KSE-100 index.

## Sector Weightage as a % of Net Assets



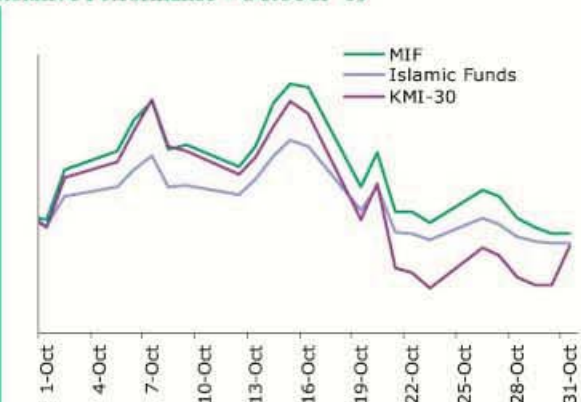
## Top Ten Holdings (in alphabetical order)

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

## Fund Assets:

	Sep '09	Oct '09	MoM %
Net Assets (mn)	4,744	4,432	-6.57%
NAV Per Unit	45.20	44.89	-0.68%
KSE-100 Index	9,350	9,159	-2.04%
KMI-30 Index	15,090	14,906	-1.22%

## Relative Performance - October '09



## FUND REVIEW

Net assets of Meezan Islamic Fund as at October 31, 2009 stood at Rs. 4.4 billion. The fund's NAV declined by 0.7% during the period under review against a depreciation of 3% in the benchmark index (KMI-30) while KSE-100 Index, during the same period decreased by 2%.

The law and order situation in the country kept the market under pressure. However, the foreign investors remained net buyers in the market which shows the continued confidence of the foreigners in local market. As of October 31, the fund is 91% invested 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	71 days
Fund Stability Rating	A+ (f)

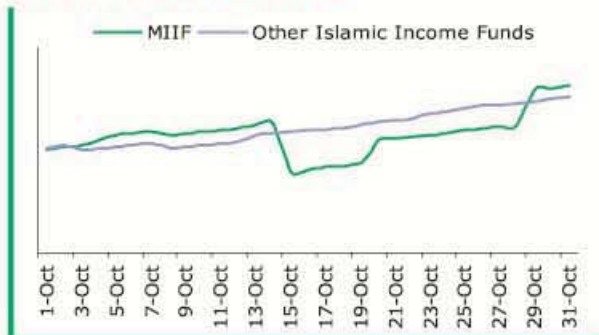
### Fund Assets:

	Sep '09	Oct '09	MoM %
Net assets (Rs mn)	5,820	5,442	-6.51%
NAV per unit (Rs)	51.50	50.72	11.60%

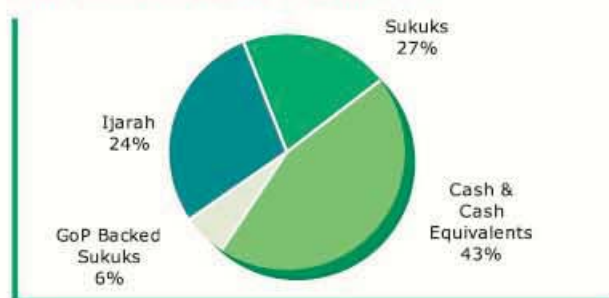
### Performance

Month on Month	Sep '09	Oct '09
Return on MIIF	0.83%	0.94%
Return on MIIF (annualized)	10.53%	11.60%
Year - to - date (FY)		
Return on MIIF (annualized)	10.99%	11.14%
Cumulative return since inception (annualized)		
Return on MIIF	9.88%	9.93%

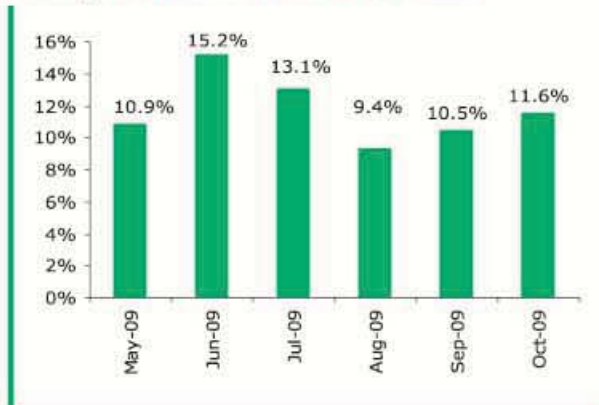
### MIIF Performance - October '09



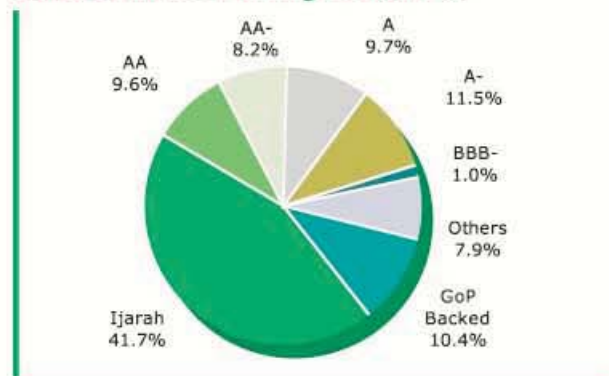
### MIIF Assets Distribution - October '09



### Monthly Annualized Returns - NAV based



### Sukuk Distribution - Rating - October '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 11.60% for October 2009, with net assets of the fund at Rs. 5.4 billion.

# 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	C
Auditors	A.F. Ferguson
AMC Rating	AM2 -
Fund Stability Rating	AA (f)

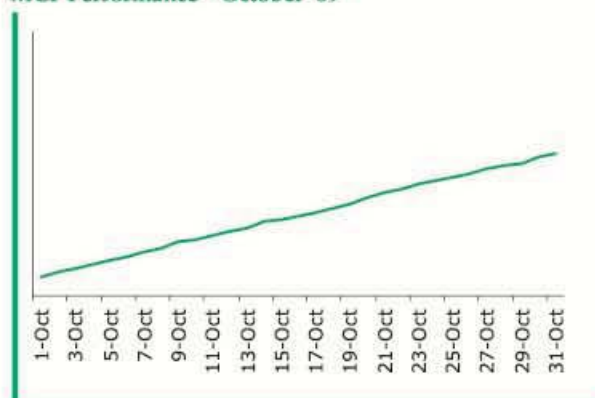
## Fund Assets:

	Sep '09	Oct '09	MoM %
Net assets (Rs mn)	1,418	1,988	40.27%
NAV per unit (Rs)	51.24	51.67	0.83%

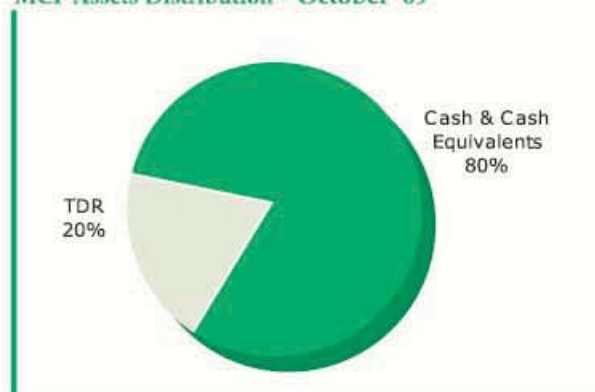
## Performance

Month on Month	Sep '09	Oct '09
Return on MCF	0.78%	0.83%
Return on MCF (annualized)	9.94%	10.29%
<b>Year - to - date (FY)</b>		
Return on MCF (annualized)	10.08%	10.16%
<b>Cumulative return since inception</b>		
Return on MCF (annualized)	10.19%	9.86%

## MCF Performance - October '09



## MCF Assets Distribution - October '09



## 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

## Investment Policy and Strategy

Investments in High Grade & Liquid avenues:

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

## 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 October 31, 2009, net assets of the fund were Rs. 2bn, showing a growth of over 40% month-on-month. For the month, MCF earned a profit of 10.29%.

# MEEZAN TAHAFFUZ PENSION FUND (MTPF)

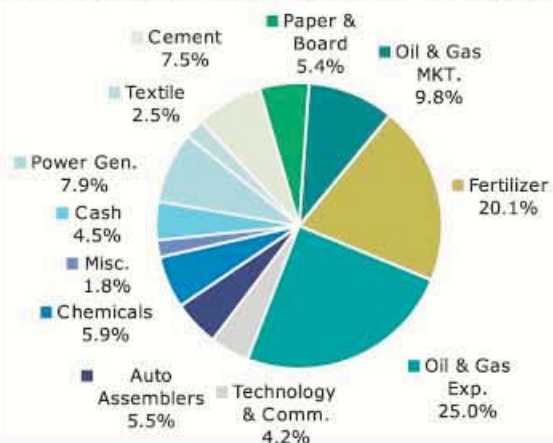


Pakistan's First Shariah-compliant Open-End Pension Fund

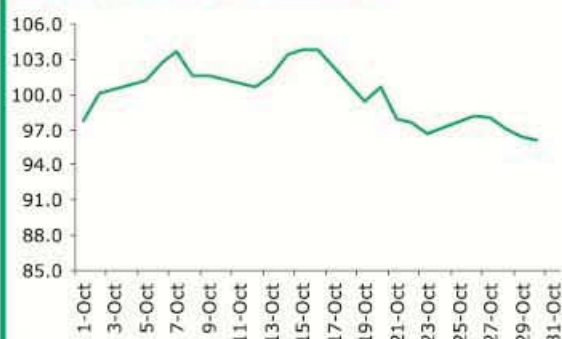
### Fund Statistics:

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 -

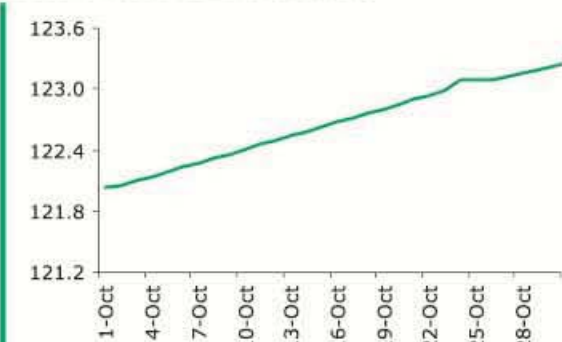
### Sector Weightage as a % of Net Assets (MTPF - Equity)



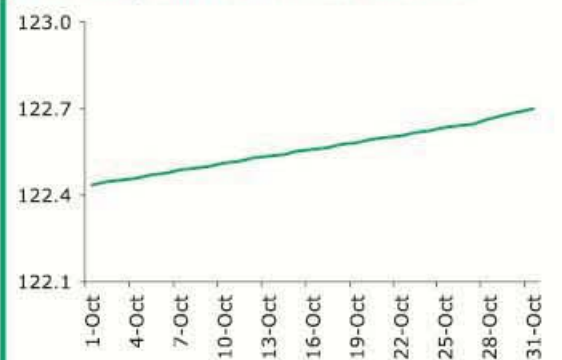
### MTPF Equity Sub Fund October 2009



### MTPF Debt Sub Fund October 2009



### MTPF Money Market Sub Fund October 2009



### Performance

	MoM	FYTD	Since Inception
MTPF- Equity	-1.83%	25.38%	-4.03%
MTPF- Debt*	12.92%	9.31%	9.22%
MTPF- Money Market*	2.68%	6.98%	9.01%

\* at annualized rate

### Fund Assets:

Rs (Mn)	Sep'09	Oct'09	MoM %
MTPF- Equity	81.45	80.12	-1.64%
MTPF- Debt	72.94	73.72	1.06%
MTPF- Money Market	63.49	63.63	0.22%

## FUND REVIEW

As at October 31, 2009, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 218mn.

The annualized MoM returns on Debt and Money Market sub funds were 12.92% and 2.68% respectively. Furthermore, equity sub-fund has depreciated by 1.8% MoM.

**MUHAMMAD ASAD**  
CHIEF INVESTMENT OFFICER