



# Al Meezan

Investment Management Ltd

MKT/FMR/06/10

February 06, 2010

Dear Investor,

Al Meezan is committed to providing a complete range of Shariah compliant investment solutions to you. In this respect, we are pleased to announce the launch of Pakistan's First Shariah Compliant Government Securities Fund - **Meezan Sovereign Fund (MSF)**. MSF aims to provide maximum capital preservation along-with Halal and competitive returns by primarily investing in a portfolio of Shariah Compliant Government Securities thus minimizing the risks of investments.

During initial launch period investors get an opportunity to invest in MSF at par value of Rs. 50 per unit without paying any sales load. The Offering Document and Trust Deed of the fund are available on the website [www.almeezangroup.com](http://www.almeezangroup.com). However, Investors may also get information about MSF by dialing 0800-HALAL (42525). As you will read these lines, the fund is most likely to be available to you for subscription. The launch of this fund will provide you an opportunity to diversify your investment portfolio for earning stable returns without any volatility of stock markets and long-term fixed income instruments.

MSF primarily invests in Government Securities, which enjoy the highest possible rating of AAA. As a result, the fund has been awarded stability rating of 'AA+(f)' by JCR-VIS, which denotes the high degree of stability in net asset value of the Fund. We invite you to invest in MSF. It would be our pleasure to look after your investment interests and we are confident that with your support MSF will be a resounding success.

We would like to encourage our investors to enhance their investment in Al Meezan Funds in order to claim maximum tax credit. As per Section 62 of Income Tax Ordinance 2001, an individual investor can claim tax credit upto Rs. 60,000 (in case of salaried person) or Rs. 75,000 (in case of self employed) in a tax year on investment upto Rs. 300,000/- or 10% whichever is lower. As per Section 63 of Income Tax Ordinance 2001, an individual investor of pension fund scheme can claim tax credit upto Rs. 100,000 (in case of salaried person) or Rs. 125,000 (in case of self employed) in a tax year on investment upto Rs. 500,000/- or 20% whichever is lower. The detail of tax benefit with illustrations is available at our website.

At the end of January 2010, the net assets under management of Al Meezan stood at Rs. 17.8 billion 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. Fund Managers' Report for the month of January 2010 is enclosed for your review and record.

Yours truly,

**Muhammad Anas Rehan**  
AVP Marketing

# AL Meezan Investment Management Limited

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 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. To cater to demands of its valued investors, Al Meezan will launch Pakistan's first Shariah compliant Government securities fund – Meezan Sovereign Fund on February 10, 2010.

The total funds under management of Al Meezan, the only full fledged Shariah compliant asset management company in Pakistan, have reached Rs. 17.8 billion as on January 31, 2010. We are pleased to inform you that JCR-VIS recently upgraded management quality rating of Al Meezan to AM2, as the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

## Stock Market Review

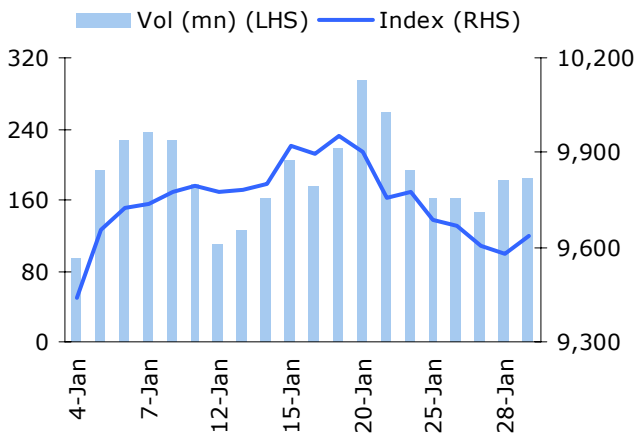
During January, KSE-100 index increased by 227 points (2.4%) to close at 9,614. Average daily volume stood at 187 million shares as compared to 119 million shares in December.

Main drivers of the market were foreign inflows as with the start of the new calendar year, foreign allocations increase. However, uncertain law and order situation, NRO detailed judgment, NIT-LOC units related selling pressure and meltdown in regional markets kept investors nervous and activity was range bound. Nonetheless, fertilizer scrips remained in the limelight on the back of their higher payouts. Though banking Sector initially performed well, with UBL & NBP gaining on expectations of better than expected payouts and increased foreign interest, expected loss to HBL on its exposure in Nigeria took away the interest from the sector. Moreover, news about capital gain tax to be imposed in the next budget further depleted volumes in the market.

During the month, there was limited activity in blue chips, whereas second and third tier stocks stood among the top volume leaders. However, near month end, corporate announcements and increase in cement prices in the north region improved investor sentiments.

Foreigners remained net buyers in the market with net portfolio inflow of US\$ 15.3 million in January.

### KSE-100 Index Performance



## Money Market Review

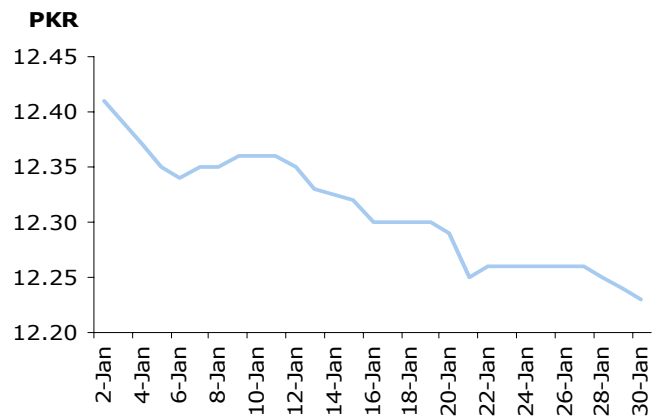
Due to participants' mixed expectations regarding discount rate cut in the monetary policy announcement, the interest rates during the month of January remained range bound. Money markets witnessed liquidity shortage, causing overnight call and repo rates to hover around their peak of 12.3%. In an effort to arrest rising interest rates, the central bank continued to conduct OMOs and injected Rs. 493 billion during the month. Six month KIBOR, however, declined to 12.23%, down 20bps month-on-month.

During January, central bank conducted two T-bill auctions and accepted a total of Rs. 92 billion worth of bids against a cumulative target of Rs. 90 billion, decreasing the cut-off rates for six-month paper by 20bps to 11.90%.

Due to rising inflation, government's excess reliance on borrowings from the banking system and to contain growth in money supply, the central bank in its latest bimonthly monetary announcement on January 30, 2010 maintained the policy rate at 12.5%. Though interest rates are expected to remain stable in the short term, as corporate credit off-take recovers on the back of improvements in the economy, we expect slight increase in fixed income returns.

During the month, Rupee depreciated 0.6% against US\$ and closed at Rs. 84.60 to a dollar in the interbank market.

### 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.

## INVESTMENT OBJECTIVE

To maximize total investor returns by investing in Shariah Compliant equities focusing on both capital gains and dividend income.

## Funds Details

Fund Type:	Equity
Launch Date	8th Aug 2003
Trustee	CDC
Auditors	A.F. Ferguson & Co.
Registrar	MEBL
Management Fee	2%
Front End Load	2%
Benchmark	KMI-30
Listing	KSE
Fund Rating	3 Star
Pricing Mechanism	Forward
Valuation Days	Mon-Fri
Subscription/ Redeem Days	Mon-Fri 9am – 3pm
Fund Manager	Muhammad Asad
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

## Fund Assets:

	Dec '09	Jan '10	MoM %
Net Assets (mn)	4,347	4,455	2.49%
NAV Per Unit	46.23	47.99	3.79%

## Risk Measures – Jan '10

	Standard Deviation	Sharpe Ratio
MIF	0.82	0.19
KSE-100 index	0.80	0.11
KMI-30 Index	1.08	0.15

## Performance

## Cumulative Returns

	1M	3M	6M	YTD	1Yr	3Yr	5Yr	PSD**
MIF	3.8%	6.9%	25%	36%	94%	14%	81%	178%
BENCHMARK	3.4%	7.3%	22%	34%	98%	-31%*	42%*	129%*

\*\* Performance start date of August 08, 2003, \* KSE-100 Index

## Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MIF	-30%	0.27%	29%	30%	40%	24%
BENCHMARK	-29%	-1%	17%	25%	22%	55%

## Fund Review

Net assets of Meezan Islamic Fund as at January 31, 2010 stood at Rs. 4.5 billion. The fund's NAV increased by 3.8% during the period under review against an appreciation of 3.4% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 2.4%.

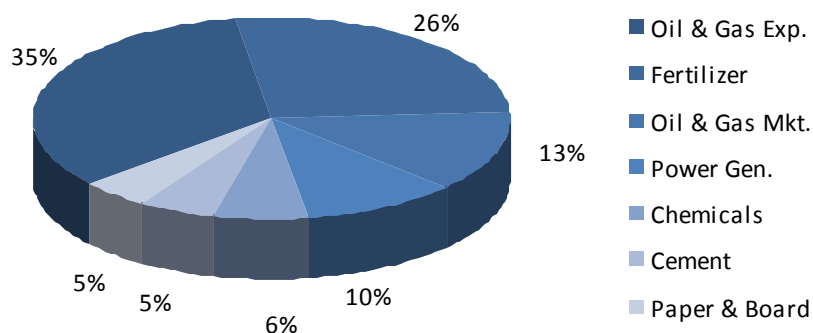
Since the market is relatively attractive on multiples as compared to regional markets, we hold a positive stance on the future performance. As of January 31, the fund was 97% invested in equities.

## Portfolio

## Top Ten Holdings

Company Name (in alphabetical order)	Sectors
Fauji Fertilizer Bin Qasim Limited	Fertilizer
Fauji Fertilizer Company Limited	Fertilizer
ICI Pakistan Limited	Chemicals
Lucky Cement	Cement
Oil & Gas Development Company Limited	E&P
Packages Limited	Paper
Pakistan Oilfields Limited	E&P
Pakistan Petroleum Limited	E&P
Pakistan State Oil Company Limited	OMC
The Hub Power Company Limited	Power

## Sector Allocation



**INVESTMENT OBJECTIVE:** To provide investors with a high and stable rate of current income consistent with long term preservation of capital in a Shariah compliant way. A secondary objective is to take advantage of opportunities to realize capital appreciation.

### Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jan-07
Trustee	Central Depository Company
Registrar	Meezan Bank Ltd
Unit Types	A, B & C
Benchmark	Average bank deposit rate of three Islamic banks
Auditors	A.F. Ferguson & Co.
Portfolio Duration	40 days
Fund Stability Rating	A+ (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat
Subscription/Redeem Days	Mon-Fri 9am-3 pm Sat 9am-12:30 pm
Fund Manager	Muhammad Asad
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

### Fund Assets:

	Dec '09	Jan '10	MoM %
Net Assets (mn)	4,118	4,299	4.37%
NAV Per Unit*	50.83	50.14	-0.37%

\* Dividend Adjusted

### Sukuk Distribution - Rating

GoP Ijarah	28.5%
GoP Backed	7.4%
A	1.1%
AA	6.7%
AA-	5.9%
A-	1.6%
BBB-	0.7%
Others	15.6%

## Performance

### Cumulative Returns (annualized)

	1M	3M	6M	YTD	1Yr	3Yr	5Yr	PSD**
MIIF	-4.5%	-0.7%	5.4%	5.9%	9.9%	9.0%	-	9.02%
BENCHMARK	5.9%	5.9%	5.8%	5.7%	5.8%	5.9%	-	5.71%

\*\* Performance start date of Jan 15, 2007

### Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MIIF	10.15%	9.15%	9.93%	-	-	-
BENCHMARK	6.54%	5.75%	4.66%	-	-	-

### Fund Review

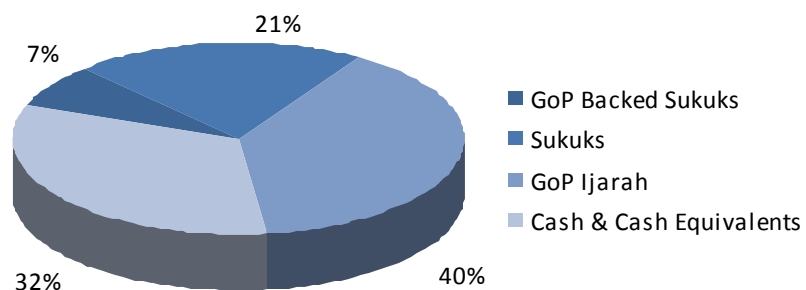
Net assets of Meezan Islamic Income Fund (MIIF) as at January 31, 2010 stood at Rs. 4.3 billion. The fund's FYTD return is 5.9%. Fiscal year to date, MIIF has provided an annualized return of 5.9% as compared to its benchmark which has provided an annualized return of 5.7% during the same period.

## Portfolio

### Top Ten Holdings (in alphabetical order)

Sukuks Names	Sectors	%
Century Paper & Board	Paper	2%
DG Cement	Cement	5%
Eden Housing Limited	Power	5%
Engro Chemical Pakistan	Chemicals	7%
GoP Ijarah Sukuks III	GoP	7%
GoP Ijarah Sukuks IV	GoP	22%
KSEW - II	GoP	6%
Maple Leaf Cement	Cement	5%
Shahmurad Sugar Mills	Sugar	2%
Sitara Chemicals Ltd. III	Chemicals	3%

### Portfolio Composition



**INVESTMENT OBJECTIVE:** To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in liquid Shariah compliant money market and debt securities.

### Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	15-Jun-09
Trustee	CDC
Registrar	Meezan Bank Ltd
Unit Types	A, B and C
Auditors	A.F. Ferguson & Co.
AMC Rating	AM2
Fund Stability Rating	AA (f)
Pricing Mechanism	Forward
Valuation Days	Mon-Sat Mon-Fri 9am-3pm
Subscription/Redeem	Sat 9am-12:30 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

### Fund Assets:

	Dec '09	Jan '10	MoM %
Net Assets (mn)	3,276	4,421	34.9%
NAV Per Unit	52.48	51.16	0.8%

## Performance

### Cumulative Returns (annualized)

	1M	3M	6M	YTD	1Yr	2Yr	5Yr	PSD**
MCF	10.4%	9.9%	10.0%	10.1%	-	-	-	9.9%
BENCHMARK	7.4%	7.5%	7.5%	7.5%	-	-	-	7.5%

\*\* Performance start date of June 15, 2009

### Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MCF (Annualized)	8.08%	-	-	-	-	-
BENCHMARK	7.60%	-	-	-	-	-

### Fund Review

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'.

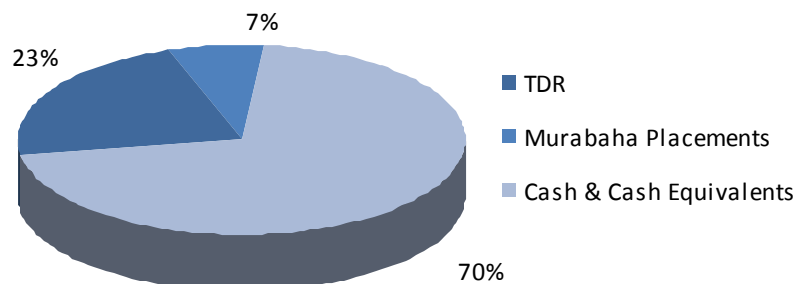
As of January 31, 2010, net assets of the fund were Rs. 4.4 billion, showing a growth of over 35% month-on-month. For the month, MCF earned an annualized return of 10.4%.

## Portfolio

### Salient Features

Key Benefits	<ul style="list-style-type: none"> <li>Maximum Preservation of Principal Investment</li> <li>High Liquidity (Redemption within Two working days)</li> <li>Tax-free Returns</li> <li>No Sales Load (No Entry or Exit charges)*</li> <li>Tax Credit as per tax laws</li> </ul>
Investment Policy and Strategy	<ul style="list-style-type: none"> <li>Investments in High Grade &amp; Liquid avenues:</li> <li>Instrument/Issuer Rating : <b>Minimum 'AA'</b></li> <li>Maximum Maturity of Instruments : <b>Six Months</b></li> <li>Average Time to Maturity of Portfolio : <b>Three Months</b></li> </ul>
Benchmark	Average Return on 3 month deposit with Islamic Banks

### Sector Allocation



**INVESTMENT OBJECTIVE:** To provide participants a regular Halal income stream after retirement/disability when they can no longer earn regular income to support their living so that they are not dependent on other members of the society.

## Funds Details

Fund Type	Open End
Risk Level	Minimal
Launch Date	28-Jun-07
Trustee	CDC
Registrar	Meezan Bank Ltd
Unit Types	A
Auditors	A.F. Ferguson & Co.
AMC Rating	AM2
Pricing Mechanism	Forward
Valuation Days	Mon-Fri
Subscription/Redeem	Mon-Fri 9 am – 3 pm
Fund Manager	Syed Talal Mehdi
Members of Investment Committee	M. Shoaib, CFA Muhammad Asad Sanam Zaib Syed Talal Mehdi Madiha Javed

## Performance

### Cumulative Returns

	1M	3M	6M	YTD	1Yr	3Yr	5Yr	PSD**
MTPF- Equity	4.6%	7.1%	18.6%	25.6%	103%	-	-	2.8%
MTPF- Debt*	4.9%	2.9%	6.5%	6.6%	7.5%	-	-	8.6%
MTPF- MMkt*	7.3%	7.5%	7.7%	7.3%	9.9%	-	-	8.9%

\*\* Performance start date of August 08, 2003, \* at annualized rate

### Annual Returns

	FY09	FY08	FY07	FY06	FY05	FY04
MTPF- Equity	-25.8%	3.1%	-	-	-	-
MTPF- Debt	10.2%	8.3%	-	-	-	-
MTPF- MMkt	11.1%	7.7%	-	-	-	-

## Fund Review

As at January 31, 2010, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 229 million. The Debt sub fund posted an annualized return of 4.9% whereas the Money Market sub funds posted a return of 7.3%. Moreover, equity sub-fund appreciated by 4.6% MoM.

## Funds Returns

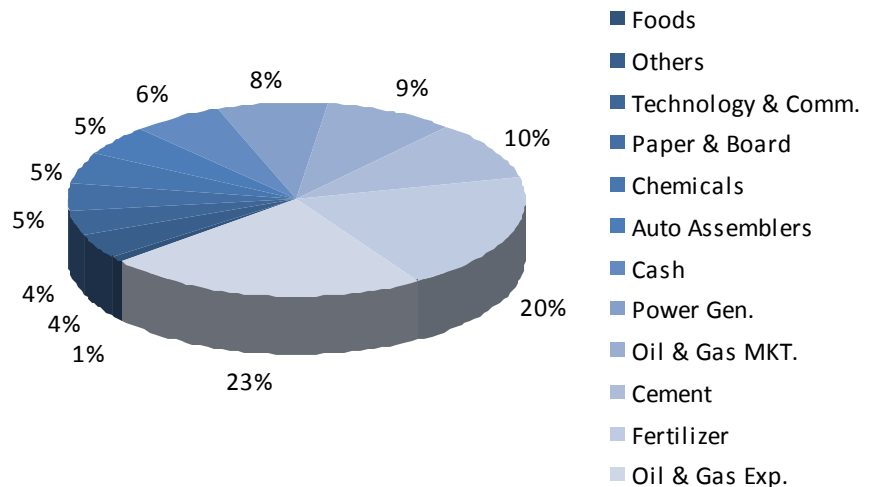
Rs (Mn)	Dec'09	Jan'10	MoM %
MTPF- Equity	84	89	6.1%
MTPF- Debt	74	75	1.2%
MTPF- MMkt	64	65	0.7%

## Sukuk Holdings – MTPF (Debt fund)

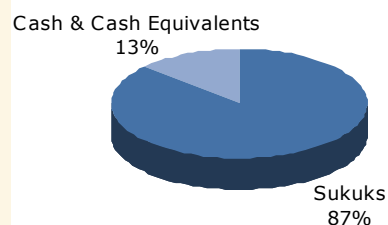
Dawood Hercules
Eden Housing Limited
GoP Ijarah Sukuks I
GoP Ijarah Sukuks IV
KSEW - II
Maple Leaf Cement
Security Leasing Sukuk II
Shahmurad Sugar Mills

## Portfolio

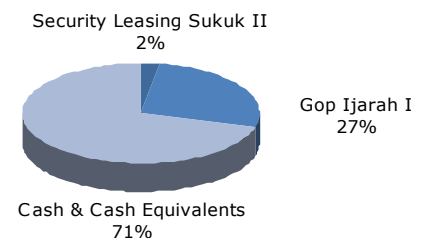
### Sector Weightage as a % of Net Assets (MTPF – Equity)



### MTPF Debt Sub Fund



### MTPF Money Market Sub Fund

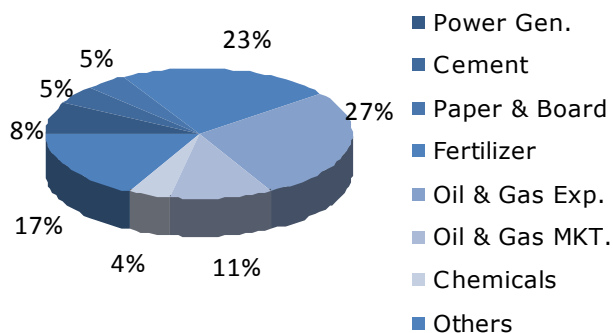


## Al Meezan Mutual Fund

### Performance

Month on Month	Dec '09	Jan '10
Return on AMMF	0.76%	3.61%
Return on KSE-100 index	1.96%	2.42%
Return on KMI-30 Index	2.36%	3.44%
<b>Year - to - date (FY)</b>		
Return on AMMF	30.58%	34.88%
Return on KSE-100 index	31.06%	34.24%
Return on KMI-30 Index	29.17%	33.51%

### AMMF Assets Distribution – January '10



### Fund Assets:

	Dec '09	Jan '10	MoM %
Net Assets (mn)	1,396	1,447	3.61%
NAV Per Unit	10.15	10.52	3.61%

### Investment Objective

The objective of Al Meezan Mutual Fund is to optimize the total investment returns, both capital gains and dividend income, through prudent investment management

### Fund Review

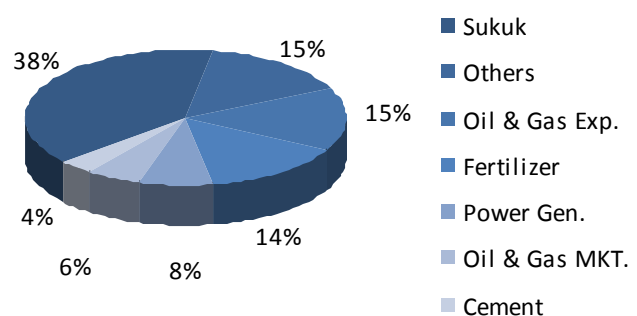
Net assets of Al Meezan Mutual Fund (AMMF) as at January 31, 2010 stood at Rs. 1.4 billion. The fund's NAV appreciated by 3.61% during the period under review against a rise of 3.4% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 2.42%.

## Meezan Balanced Fund

### Performance

Month on Month	Dec '09	Jan '10
Return on MBF	0.92%	2.27%
Return on KSE-100 index	1.96%	2.42%
Return on KMI-30 Index	2.36%	3.44%
<b>Year - to - date (FY)</b>		
Return on MBF	19.09%	21.51%
Return on KSE-100 index	31.06%	34.24%
Return on KMI-30 Index	29.17%	33.51%

### MBF Assets Distribution – January '10



### Fund Assets:

	Dec '09	Jan '10	MoM %
Net Assets (mn)	1,240	1,269	2.27%
NAV Per Unit	10.34	10.57	2.27%

### Investment Objective

The objective of Meezan Balanced Fund is to generate long term capital appreciation as well as current income by creating a balanced portfolio that is invested both in high quality equity securities and Islamic Income Instruments such as TFCs, COIs, Certificates of Musharika, Islamic Sukuk, Ready-future hedges, and other such Shariah compliant instruments.

### Fund Review

Net assets of Meezan Balanced Fund (MBF) as at January 31, 2010 stood at Rs. 1.27 billion. The fund's NAV increased by 2.27% during the period under review.