



# Al Meezan Investment Management Limited

MKT/FMR/03/11

October 05, 2010

Dear Investor,

We are pleased to inform you that Al Meezan has announced the first interim dividends for its following three fixed income funds:

| Funds                             | Dividend (Rs.) | % of par value of Rs. 50/- |
|-----------------------------------|----------------|----------------------------|
| Meezan Islamic Income Fund (MIIF) | 1.50           | 3.00%                      |
| Meezan Cash Fund (MCF)            | 1.225          | 2.45%                      |
| Meezan Sovereign Fund (MSF)       | 1.25           | 2.50%                      |

The payouts are in the form of Bonus Units to the Growth Unit holders and Cash Dividend to the Income Unit holders. A Growth Unit holder having 100 units of MIIF as at September 29, 2010 has got 2.9499 additional units at the ex-div. NAV of Rs. 50.85 while an Income Unit holder has got Cash Dividend of Rs. 1.50 per unit. A Growth Unit holder having 100 units of MCF as at September 29, 2010 has got 2.4500 additional units at the ex-div. NAV of Rs. 50.00. A Growth Unit holder having 100 units of MSF as at September 29, 2010 has got 2.4985 additional units at the ex-div. NAV of Rs. 50.03.

Al Meezan is committed to provide best possible services for your convenience. In this respect, we are pleased to announce the establishment of Customer Services section exclusively dedicated to handle all sorts of queries and complaints of our valued investors. You are encouraged to use the services of this section for the resolution of all account related queries and complaints. You can lodge your queries/complaints by:

- 1) Calling our toll free number 0800-HALAL (42525)
- 2) Emailing us at [info@almeezangroup.com](mailto:info@almeezangroup.com) either through website or by sending direct email
- 3) Writing an application and submitting it at our desk

Fund Managers' Report for the month of September 2010 is enclosed for your review and record.

Yours truly,

**Muhammad Anas Rehan**

AVP Marketing

# Al Meezan Investment Management Limited

11/03/FMR/MKT

105 اکتوبر 2010ء

معزز انویسٹر،

ہم یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ المیز ان نے اپنے مندرجہ ذیل تین فونڈز کے لیے پہلے عیوری ڈیویڈنڈ کا اعلان کیا ہے:

| 50 روپے کی فیس ویلیو کی % | ڈیویڈنڈ (روپے) | فونڈ                   |
|---------------------------|----------------|------------------------|
| 3.00%                     | 1.50           | میزان اسلامک انکم فونڈ |
| 2.45%                     | 1.225          | میزان کیس فونڈ         |
| 2.50%                     | 1.25           | میزان سوورن فونڈ       |

گروتھ یونٹ ہولڈرز کے لیے منافع یونٹس جبکہ انکم یونٹ ہولڈرز کے لیے نقد کی شکل میں دیا گیا ہے۔ MIIF میں 29 ستمبر 2010 تک 100 یونٹس رکھنے والے گروتھ یونٹ ہولڈرز نے 50.85 روپے کی ایکس ڈیویڈنڈ NAV پر 2.9499 اضافی یونٹس جبکہ انکم یونٹ ہولڈرز نے 1.50 روپے فی یونٹ کی شرح سے کیش منافع حاصل کیا ہے۔ MCF میں 29 ستمبر 2010ء تک 100 یونٹس رکھنے والے گروتھ یونٹ ہولڈرز نے 50 روپے کی ایکس ڈیویڈنڈ NAV پر 2.4500 اضافی یونٹس حاصل کیے ہیں۔ MSF میں 29 ستمبر 2010 تک 100 یونٹس رکھنے والے گروتھ یونٹ ہولڈرز نے 50.03 روپے کی ایکس ڈیویڈنڈ NAV پر 2.4985 اضافی یونٹس حاصل کیے ہیں۔

المیز ان آپ کی سہولت کے لیے بہترین ممکنہ سروسز کی فراہمی کے لیے کوشاں ہے۔ اس سلسلے میں ہم آپ کو یہ بتاتے ہوئے خوشی محسوس کرتے ہیں کہ المیز ان نے اپنے کسٹمرز کے سوالات اور شکایات کو بروقت حاصل کرنے کے لیے ایک مخصوص کسٹمر سروس سیکشن قائم کیا ہے۔ آپ سے گزارش ہے کہ اپنے اکاؤنٹ سے متعلقہ تمام سوالات یا شکایات کے لیے اس سیکشن کی سروسز کو بروئے کار لائیں۔ آپ ہمیں اپنے سوالات / شکایات سے ان طریقوں کے ذریعے مطلع کر سکتے ہیں۔

(۱) ٹول فری نمبر (42525)-HALAL-0800 پر کال کریں۔

(۲) ویب سائٹ کے ذریعے یا ڈائریکٹ info@almeezangroup.com پر email کریں۔

(۳) ہمارے دفتر میں تحریری درخواست جمع کروائیں۔

ماہ ستمبر 2010ء کی فونڈ مینجنگ رپورٹ آپ کی معلومات اور ریکارڈ کے لیے پیش ہے۔

آپ کا مخلص



محمد انس ریحان

اے وی بی مارکیٹنگ

# AL Meezan Investment Management Limited

Al Meezan Investments, 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 eight 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, Meezan Cash Fund and Meezan Sovereign Fund. To cater to demand of its valued investors, Al Meezan launched Pakistan's first Shariah compliant Government securities fund – Meezan Sovereign Fund this year.

The total funds under management of Al Meezan, the only full fledged Shariah compliant asset management company in Pakistan, have reached Rs. 18.4 billion as on September 30, 2010. With AM2 rating which denotes high management quality, the company clearly stays well ahead of all its competitors in the Islamic asset management market in Pakistan.

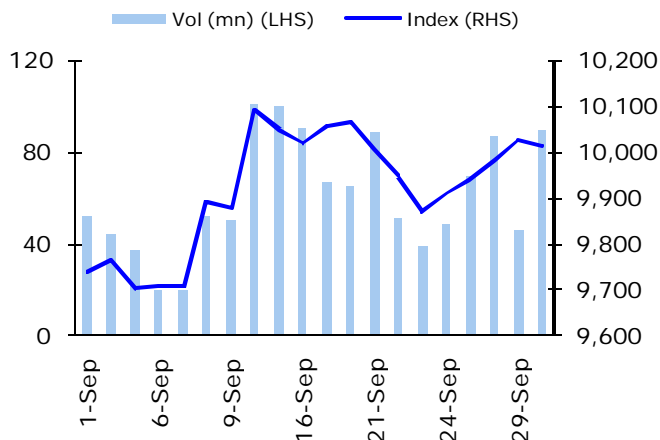
## Stock Market Review

During the month of September, KSE-100 index increased by 200 pts (2% up) to close the month at 10,013. The average daily volume stood at 61 million shares as compared to 57 million shares in August.

Initially, the market activity remained very thin with the last week of Ramzan and Eid holidays after which the news that SECP would approve the much awaited leverage product created excitement in the market. In addition, some interest was also witnessed because of rumors of a potentially favorable decision for OMCs on the minimum turnover tax issue. On the macro front, remittances stood all-time high of \$933mn (+18% MoM). However, tainting this was a relatively high CPI number for Aug-10 which came in at 13.2% YoY. Political and macro uncertainty, combined with the possible increase in discount rate kept investors somewhat wary throughout the month. IMF expectedly revised Pakistan's macro targets in its latest country report on Emergency Assistance for Flood relief. Nonetheless, the foreigners remained net buyers in the market with total net foreign inflow of US\$ 22.5 million in September.

Towards the end of the month, the impact of SBP's aggressive approach raising the discount rate by 50bps to 13.5% was somewhat nullified by better than expected earnings and payouts of oil companies.

### KSE-100 Index Performance



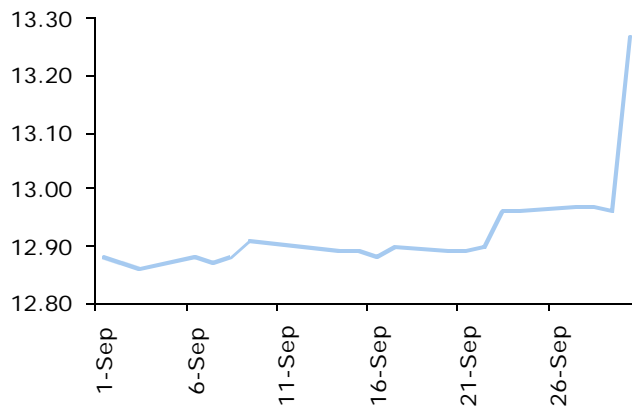
## Money Market Review

In the beginning of the month, money market rates were relatively stable with few exceptions where it touched floor and ceiling. However, in the latter half of the month, rates remained on the lower side due to excess liquidity in the system. To normalize the liquidity situation, State Bank regularly conducted OMOs. It also injected Rs. 196 billion at weighted average yield of 12.18% while it mopped up Rs. 54 billion at weighed average yield of 11.10%. Banks also deposited Rs. 287 billion on floor rate with State Bank to drain out liquidity. During the month, State Bank conducted two T-Bill auctions and accepted Rs. 138 billion against total bid of Rs. 180 billion and maturity of Rs. 139 billion.

In order to restraint resurgence in inflationary pressures and fiscal imbalances, the State Bank of Pakistan (SBP) increased the discount rate by 50 bps to 13.5% in the bimonthly monetary policy statement on September 29, 2010. In line with this hike in discount rate, KIBOR rates also increased with six month KIBOR increasing 40 bps to close the month at 13.27%.

On the forex front, rupee depreciated against dollar by Rs.0.71 to close at Rs. 86.34 per dollar in the interbank market. Rupee depreciated due to demand by importers in local market and hike in discount rate.

### 6 Month KIBOR



## Disclaimer

This report has been prepared by Al Meezan Investments for information purposes only. Reasonable care has been taken in the preparation of the report. However, Al Meezan Investments 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:                            | Open End  |
| Risk Level                            | High  |
| Launch Date                           | 8th Aug 2003  |
| Trustee                               | CDC   |
| Auditors                              | A.F. Ferguson & Co.   |
| Registrar                             | Meezan Bank Ltd.  |
| Unit Types                            | A, B and C  |
| Management Fee                        | 2%  |
| Front End Load                        | 2%  |
| Fund Category                         | Equity  |
| Back End Load                         | Nil   |
| Benchmark                             | KMI-30  |
| Leverage                              | Nil   |
| Listing                               | KSE   |
| AMC Rating                            | AM2   |
| Pricing Mechanism                     | Forward   |
| Valuation Days                        | Mon-Fri   |
| Subscription/<br>Redemption Days      | Mon-Fri 9am – 3pm   |
| Fund Manager                          | Muhammad Asad   |
| Members of<br>Investment<br>Committee | M. Shoaib, CFA<br>Muhammad Asad<br>Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

## Fund Assets:

|                         | Aug<br>'10 | Sep<br>'10 | MoM<br>% |
|-------------------------|------------|------------|----------|
| Net Assets (Rs mn)      | 4,062      | 3,963      | -2.4%    |
| NAV Per Unit (Rs)       | 38.65      | 39.24      | 1.5%     |
| % held in<br>Securities | 92.7       | 89.6       |          |
| % held as Cash          | 7.3        | 10.4       |          |

## Risk Measures—September'10

|               | Standard<br>Deviation | Sharpe<br>Ratio |
|---------------|-----------------------|-----------------|
| MIF           | 0.83                  | 0.06            |
| KSE-100 index | 0.78                  | 0.09            |
| KMI-30 Index  | 1.09                  | 0.12            |

# KMI-30 replaced DJIIMPK as the Fund's benchmark in FY10 while KSE-100 index remained as the benchmark till FY06

## Performance

## Cumulative Returns

|            | 1M | 3M | 6M  | FYTD | 1Yr | 3Yr | 5Yr | PSD** |
|------------|----|----|-----|------|-----|-----|-----|-------|
| MIF        | 2% | 6% | -3% | 6%   | 8%  | -5% | 44% | 183%  |
| Benchmark# | 3% | 8% | 2%  | 8%   | 15% | 6%  | 32% | 106%  |

\*\* Performance start date of August 08, 2003,

## Annual Returns

|            | FY10 | FY09 | FY08  | FY07 | FY06 | FY05 | FY04 |
|------------|------|------|-------|------|------|------|------|
| MIF        | 31%  | -30% | 0.27% | 29%  | 30%  | 40%  | 24%* |
| Benchmark# | 37%  | -35% | -1%   | 17%  | 25%  | 22%  | 26%* |

\* Return from inception date

## Fund Review

Net assets of Meezan Islamic Fund as at September 30, 2010 stood at Rs. 4 billion. The fund's NAV appreciated by 1.5% during the period under review against an increase of 3% in the benchmark index (KMI-30) while KSE-100 Index, during the same period increased by 2%.

Since the market is trading at attractive multiples, we hold a positive view on the market. As on September 30, the fund was 90% invested in equities.

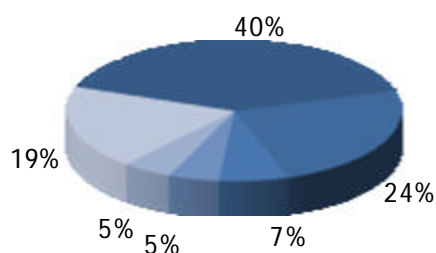
## Portfolio

## Top Ten Holdings

## Company Name(in alphabetical order)

|                                       |                              |
|---------------------------------------|------------------------------|
| Fauji Fertilizer Company Limited      | Chemicals                    |
| Fauji Fertilizer Bin Qasim Limited    | Chemicals                    |
| ICI Pakistan Limited                  | Chemicals                    |
| Lucky Cement                          | Construction and Materials   |
| Meezan Bank Limited                   | Banks                        |
| Oil & Gas Development Company Limited | Oil & Gas                    |
| Pak. Telecommunication. Co. Ltd       | Fixed line Telecommunication |
| Pakistan Oilfields Limited            | Oil & Gas                    |
| Pakistan Petroleum Limited            | Oil & Gas                    |
| Pakistan State Oil Company Limited    | Oil & Gas                    |

## Sector Allocation



- Oil & Gas
- Chemicals
- Construction and Materials
- General Industrials
- Fixed Line Telecommunication
- Others

**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                         | CDC  |
| Registrar                       | Meezan Bank Ltd  |
| Unit Types                      | A, B & C   |
| Front End Load                  | 0.5%   |
| Fund Category                   | Income   |
| Back End Load                   | Contingent load for Type C investors   |
| Listing                         | KSE  |
| Management Fee                  | 1.5%   |
| Benchmark                       | Average bank deposit rate of three Islamic banks   |
| Leverage                        | Nil  |
| Auditors                        | A.F. Ferguson & Co.  |
| Portfolio Duration              | 69 days  |
| AMC Rating                      | AM2  |
| Fund Stability Rating           | A+ (f)   |
| Pricing Mechanism               | Forward  |
| Valuation Days                  | Mon-Fri  |
| Subscription/Redemption Days    | Mon-Fri 9am-3 pm   |
| Fund Manager                    | M. Ali, CFA, FRM   |
| Members of Investment Committee | M. Shoaib, CFA<br>Muhammad Asad Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

### Fund Assets:

|                    | Aug '10 | Sep '10 | MoM %  |
|--------------------|---------|---------|--------|
| Net Assets (Rs mn) | 3,236   | 3,212   | -0.76% |
| NAV Per Unit (Rs)  | 51.55   | 50.86   | 1.57%  |

### Rating Distribution of assets

|                         |       |
|-------------------------|-------|
| AAA (GoP Issued/backed) | 26.3% |
| AA+                     | 15.0% |
| AA                      | 11.1% |
| AA-                     | 12.1% |
| A+                      | 4.0%  |
| A                       | 15.8% |
| A-                      | 1.5%  |
| BBB and below           | 12.7% |
| Unrated                 | 1.5%  |

## Performance

### Cumulative Returns (annualized)

|           | 1M     | 3M     | 6M     | FYTD   | 1Yr   | 3Yr   | 5Yr | PSD** |
|-----------|--------|--------|--------|--------|-------|-------|-----|-------|
| MIIF      | 20.87% | 14.34% | 11.75% | 14.34% | 8.17% | 9.34% | -   | 9.4%  |
| Benchmark | 5.87%  | 5.87%  | 5.87%  | 5.87%  | 5.86% | 5.90% | -   | 5.89% |

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

### Annual Returns

|           | FY10  | FY09   | FY08  | FY07  | FY06 | FY05 | FY04 |
|-----------|-------|--------|-------|-------|------|------|------|
| MIIF      | 7.31% | 10.15% | 9.15% | 9.93% | -    | -    | -    |
| Benchmark | 5.75% | 6.54%  | 5.75% | 4.66% | -    | -    | -    |

### Fund Review

Net assets of Meezan Islamic Income Fund (MIIF) as at September 30, 2010 stood at Rs. 3.2 billion. MIIF has provided an annualized return of 21% for the month of September as compared to its benchmark which has provided an annualized return of 5.87% during the same period.

## Portfolio

### Top Ten Sukuk Holdings

| Sukuks Names                     | Sectors                    | %  |
|----------------------------------|----------------------------|----|
| GoP Ijarah Sukuk III             | GoP Ijarah                 | 9% |
| KSEW – II                        | GoP Backed                 | 8% |
| Maple Leaf Cement                | Construction and Materials | 8% |
| Engro Fertilizer Limited         | Chemical                   | 8% |
| GoP Ijarah Sukuk IV              | GoP Ijarah                 | 8% |
| Eden Housing Limited             | Construction and Materials | 5% |
| Century Paper & Board Mills Ltd. | Forestry and Paper         | 4% |
| Sitara Chemicals Ltd. – III      | Chemical                   | 3% |
| KSEW – I                         | GoP Backed                 | 2% |
| Shahmurad Sugar Mills Limited    | Food Producers             | 1% |

### Portfolio Composition

|                          | Aug'10 | Sep'10 |
|--------------------------|--------|--------|
| Corporate Sukuks         | 34%    | 33%    |
| GoP Issued/backed Sukuks | 33%    | 26%    |
| Cash & Cash Equivalents  | 33%    | 41%    |

### Details of Non Compliant Investment

| Name of Non - compliant investment | Type of Investment | Value of Investment before provision | Provision held if any | Value of investment after provision | % of Net assets | % of gross Assets |
|------------------------------------|--------------------|--------------------------------------|-----------------------|-------------------------------------|-----------------|-------------------|
| Arzoo Textile Mills Ltd.           | Sukuk              | 70,000,000                           | 45,500,000            | 24,500,000                          | 0.76%           | 0.75%             |
| Eden Housing Ltd.                  | Sukuk              | 222,750,000                          | 65,027,556            | 157,722,444                         | 4.91%           | 4.84%             |
| Mapl Leaf Cement                   | Sukuk              | 331,796,000                          | 82,949,000            | 248,847,000                         | 7.75%           | 7.64%             |
| Security Leasing Ltd. - II         | Sukuk              | 32,812,500                           | 8,203,125             | 24,609,375                          | 0.77%           | 0.76%             |

**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  |
| Front End Load                        | Nil   |
| Back End Load                         | 0.1% if redemption within 3 days  |
| Listing                               | ISE   |
| Fund Category                         | Money Market  |
| Management Fee                        | 1%  |
| Auditors                              | A.F. Ferguson & Co.   |
| Leverage                              | Nil   |
| Portfolio Duration                    | 11 Days   |
| AMC Rating                            | AM2   |
| Fund Stability Rating                 | AA (f)  |
| Pricing Mechanism                     | Forward   |
| Valuation Days                        | Mon-Fri   |
| Subscription/<br>Redemption Days      | Mon-Fri 9am-3pm   |
| Fund Manager                          | M. Ali, CFA, FRM  |
| Members of<br>Investment<br>Committee | M. Shoaib, CFA<br>Muhammad Asad<br>Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

### Fund Assets:

|                    | Aug<br>'10 | Sep<br>'10 | MoM<br>% |
|--------------------|------------|------------|----------|
| Net Assets (Rs mn) | 5,882      | 5,846      | -0.6%    |
| NAV Per Unit (Rs)  | 50.83      | 50.01      | 0.8%     |

### Rating Exposure

|     |       |
|-----|-------|
| AA+ | 63.8% |
| AA  | 36.2% |

|                         | Aug'10 | Sep'10 |
|-------------------------|--------|--------|
| TDR                     | 24%    | 25%    |
| Cash & Cash Equivalents | 76%    | 75%    |

## Performance

### Cumulative Returns (annualized)

|           | 1M     | 3M     | 6M     | FYTD   | 1Yr    | 3Yr | 5Yr | PSD**  |
|-----------|--------|--------|--------|--------|--------|-----|-----|--------|
| MCF       | 10.27% | 10.20% | 10.14% | 10.20% | 10.12% | -   | -   | 10.78% |
| Benchmark | 8.17%  | 8.02%  | 7.73%  | 8.18%  | 7.59%  | -   | -   | 7.59%  |

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

### Annual Returns

|                  | FY10   | FY09   | FY08 | FY07 | FY06 | FY05 | FY04 |
|------------------|--------|--------|------|------|------|------|------|
| MCF (Annualized) | 10.10% | 8.08%* | -    | -    | -    | -    | -    |
| Benchmark        | 7.48%  | 7.60%  | -    | -    | -    | -    | -    |

\* 15 days of operations.

### Fund Review

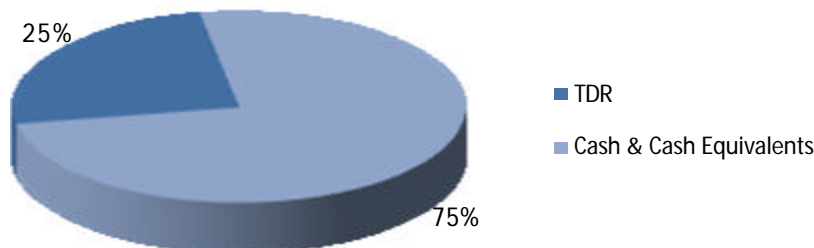
Net assets of Meezan Cash Fund (MCF) as at September 30, 2010 stood at Rs. 5.8 billion. MCF has provided an annualized return of 10.3% for the month of September as compared to its benchmark which has provided an annualized return of 8.17% during the same period.

## Portfolio

### Salient Features

|                                |   |
|--------------------------------|---|
| Key Benefits                   | Maximum Preservation of Principal Investment                |
|                                | High Liquidity (Redemption within Two working days)         |
|                                | No Sales Load (No Entry or Exit charges)*                   |
| Investment Policy and Strategy | Tax Credit as per tax laws                                  |
|                                | Investments in High Grade & Liquid avenues:                 |
|                                | Instrument/Issuer Rating : <b>Minimum 'AA'</b>              |
|                                | Maximum Maturity of Instruments : <b>Six Months</b>         |
| Benchmark                      | Average Time to Maturity of Portfolio : <b>Three Months</b> |
|                                | Average return on 6-month Islamic bank deposits             |

### Portfolio Composition



**INVESTMENT OBJECTIVE:** To seek maximum possible preservation of capital and a reasonable rate of return

### Funds Details

|                                 |   |
|---------------------------------|---|
| Fund Type                       | Open End  |
| Risk Level                      | Minimal   |
| Launch Date                     | 10-Feb-10   |
| Trustee                         | CDC   |
| Registrar                       | Meezan Bank Ltd   |
| Unit Types                      | A, B, C & D   |
| Front End Load                  | 0.5%  |
| Fund Category                   | Income  |
| Back End Load                   | Nil   |
| Listing                         | ISE   |
| Management Fee                  | 1%  |
| Auditors                        | A.F. Ferguson & Co.   |
| Benchmark                       | Average return on 6-month Islamic bank deposits   |
| Leverage                        | Nil   |
| Portfolio Duration              | 119 Days  |
| AMC Rating                      | AM2   |
| Fund Stability Rating           | AA+ (f)   |
| Pricing Mechanism               | Forward   |
| Valuation Days                  | Mon-Fri   |
| Subscription/Redemption Days    | Mon-Fri 9am-3pm   |
| Fund Manager                    | M. Ali, CFA, FRM  |
| Members of Investment Committee | M. Shoaib, CFA<br>Muhammad Asad<br>Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

### Fund Assets:

|                    | Aug '10 | Sep '10 | MoM % |
|--------------------|---------|---------|-------|
| Net Assets (Rs mn) | 711     | 720     | 1.24% |
| NAV Per Unit (Rs)  | 50.85   | 50.04   | 0.86% |

### Asset Rating

|                         |       |
|-------------------------|-------|
| AAA (GoP issued/backed) | 73.1% |
| AA+                     | 15.8% |
| AA                      | 10.9% |
| AA-                     | 0.2%  |

|                         | Aug' 10 | Sep' 10 |
|-------------------------|---------|---------|
| GoP Ijarah              | 40%     | 70%     |
| KSEW II                 | 3%      | 3%      |
| Cash & Cash Equivalents | 57%     | 27%     |

## Performance

### Cumulative Returns (annualized)

|           | 1M     | 3M     | 6M     | FYTD   | 1Yr | 3Yr | 5Yr | PSD** |
|-----------|--------|--------|--------|--------|-----|-----|-----|-------|
| MSF       | 11.00% | 10.49% | 10.22% | 10.49% | -   | -   | -   | 9.87% |
| Benchmark | 8.17%  | 8.02%  | 7.73%  | 8.18%  | -   | -   | -   | 7.68% |

\*\* Performance start date of Feb 10, 2010

### Fund Review

Meezan Sovereign Fund (MSF) was launched during February, 2010. As of September 30, 2010, the net assets of the fund stood at Rs. 720 million, showing an increase of 1.2% month on month. For the month of September, the fund has provided an annualized return of 11% against a return of 8.17% of its benchmark.

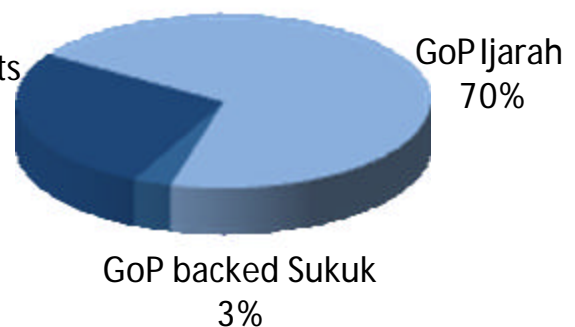
## Portfolio

### Salient Features

|                                |  |
|--------------------------------|--|
| Key Benefits                   | Maximum Preservation of Principal Investment   |
|                                | Primary Investments in securities issued by Government of Pakistan   |
|                                | Very Low Risk  |
| Investment Policy and Strategy | Liquidity (Redemption on average in 2-3 working days)  |
|                                | Tax Credit as per tax laws   |
|                                | Investments in High Grade & Liquid avenues:<br>Minimum 70% Investment in Government backed / issued securities (rated 'AAA') |
| Benchmark                      | Placements in top rated banks and financial institutions   |
|                                | Weighted Average Time to Maturity of Portfolio : Not more than 4 years   |
|                                | Average return on 6-month Islamic bank deposits  |

### Sector Allocation

Cash & Cash Equivalents  
27%





**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   |
| Fund Category                         | Pension   |
| Auditors                              | A.F. Ferguson & Co.   |
| AMC Rating                            | AM2   |
| Pricing Mechanism                     | Forward   |
| Valuation Days                        | Mon-Fri   |
| Subscription/<br>Redemption Day       | Mon-Fri 9 am – 3 pm   |
| Fund Manager                          | Muhammad Asad   |
| Members of<br>Investment<br>Committee | M. Shoaib, CFA<br>Muhammad Asad<br>Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

### Performance

#### Cumulative Returns

|              | 1M    | 3M    | 6M    | YTD   | 1Yr  | 3Yr  | 5Yr | PSD** |
|--------------|-------|-------|-------|-------|------|------|-----|-------|
| MTPF- Equity | 0.6%  | 4.0%  | -4.3% | 4.0%  | 7.3% | 0.2% | -   | 4.9%  |
| MTPF- Debt*  | 15.1% | 12.5% | 11.0% | 12.5% | 9.5% | 9.3% | -   | 9.2%  |
| MTPF- MMkt*  | 9.9%  | 11.3% | 9.7%  | 11.3% | 8.2% | 9.0% | -   | 8.9%  |

\*\* Performance start date of June 28, 2007,

\* annualized return

#### Annual Returns

|              | FY10   | FY09    | FY08  | FY07 | FY06 | FY05 | FY04 |
|--------------|--------|---------|-------|------|------|------|------|
| MTPF- Equity | 31.50% | -25.80% | 3.10% | -    | -    | -    | -    |
| MTPF- Debt   | 8.50%  | 10.20%  | 8.30% | -    | -    | -    | -    |
| MTPF- MMkt   | 8.50%  | 11.10%  | 7.70% | -    | -    | -    | -    |

#### Fund Review

As at September 30, 2010, total size of Meezan Tahaffuz Pension Fund (MTPF) stood at Rs. 293 million. For the month of September, the equity sub fund posted a return of 0.6% while debt and money sub funds posted an annualized return of 15% and 10% respectively.

### Funds Assets

| Rs (Mn)           | Aug '10    | Sep '10    | MoM %       |
|-------------------|------------|------------|-------------|
| MTPF- Equity      | 110        | 111        | 0.5%        |
| MTPF- Debt        | 102        | 104        | 2.0%        |
| MTPF- MMkt        | 77         | 78         | 1.6%        |
| <b>Total Fund</b> | <b>289</b> | <b>293</b> | <b>1.3%</b> |

### NAV per unit

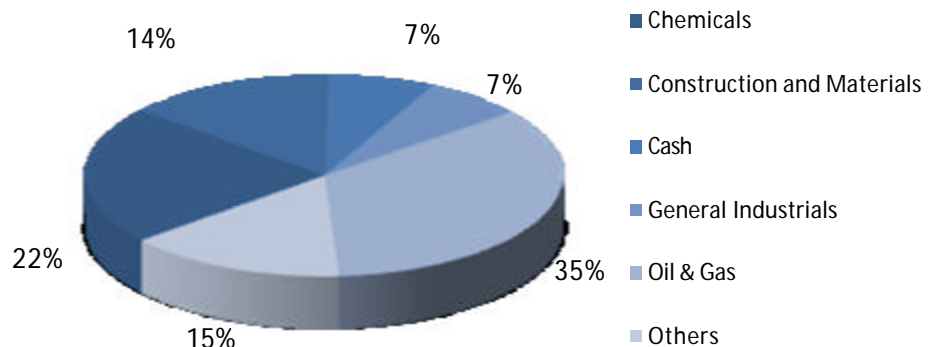
| Rs           | Aug'10 | Sep'10 | MoM % |
|--------------|--------|--------|-------|
| MTPF- Equity | 104.4  | 105.1  | 0.6%  |
| MTPF- Debt   | 132.1  | 133.6  | 1.2%  |
| MTPF- MMkt   | 131.5  | 132.5  | 0.8%  |

### Sukuk Holdings – MTPF (Debt fund)

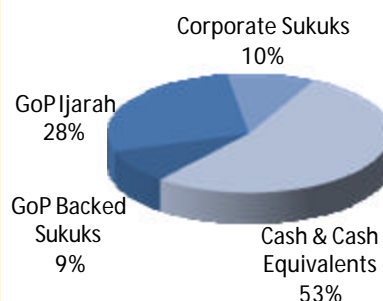
|                           |
|---------------------------|
| Dawood Hercules           |
| Eden Housing Limited      |
| GoP Ijarah Sukuks IV      |
| KSEW – II                 |
| Maple Leaf Cement         |
| Security Leasing Sukuk II |
| Shahmurad Sugar Mills     |

### Portfolio

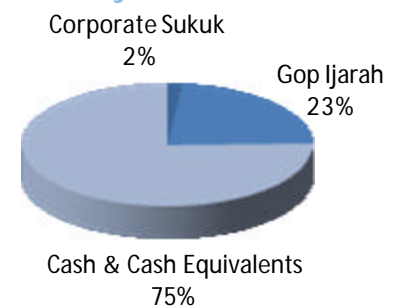
#### Sector Weightage as a % of Net Assets (MTPF – Equity)



#### MTPF Debt Sub Fund



#### MTPF Money Market Sub





**INVESTMENT OBJECTIVE :** To protect investors' principal investment till the maturity of the fund and provide a reasonable return

### Funds Details

|                                       |   |
|---------------------------------------|---|
| Fund Type                             | Open End  |
| Risk Level                            | Minimal   |
| Launch Date                           | 19-May-08   |
| Trustee                               | CDC   |
| Registrar                             | Meezan Bank Ltd   |
| Unit Types                            | A, B, C & D   |
| Front End Load                        | 3%  |
| Fund Category                         | Capital Protected   |
| Back End Load                         | Contingent Load   |
| Listing                               | KSE   |
| Management Fee                        | 3% of equity<br>Segment<br>1% of Capital<br>Protected Segment                                     |
| Auditors                              | A.F. Ferguson & Co.   |
| Leverage                              | Nil   |
| AMC Rating                            | AM2   |
| Pricing Mechanism                     | Forward   |
| Valuation Days                        | Mon-Fri   |
| Subscription/<br>Redemption Days      | Mon-Fri 9am-3pm   |
| Fund Manager                          | Ayesha Irfan  |
| Members of<br>Investment<br>Committee | M. Shoaib, CFA<br>Muhammad Asad<br>Sanam Zaib<br>Madiha Javed<br>Ayesha Irfan<br>M. Ali, CFA, FRM |

### Fund Assets:

|                    | Aug<br>'10 | Sep<br>'10 | MoM % |
|--------------------|------------|------------|-------|
| Net Assets (Rs mn) | 650        | 656        | 0.97% |
| NAV Per Unit (Rs)  | 51.85      | 52.38      | 1.0%  |

|                     | Aug<br>'10 | Sep<br>'10 |
|---------------------|------------|------------|
| Equity              | 13.4%      | 12.5%      |
| Murabahah Placement | 86.6%      | 87.6%      |

## Performance

### Cumulative Returns

|        | 1M    | 3M    | 6M    | FYTD  | 1Yr    | 3Yr | 5Yr | PSD**  |
|--------|-------|-------|-------|-------|--------|-----|-----|--------|
| MCPF-1 | 1.02% | 3.13% | 4.01% | 3.13% | 14.40% | -   | -   | 17.89% |

\*\* Performance start date of May 19, 2008

### Annual Returns

|        | FY10   | FY09  | FY08    | FY07 | FY06 | FY05 | FY04 |
|--------|--------|-------|---------|------|------|------|------|
| MCPF-1 | 14.07% | 0.75% | -0.54%* | -    | -    | -    | -    |

\* 41 days of operations.

### Fund Review

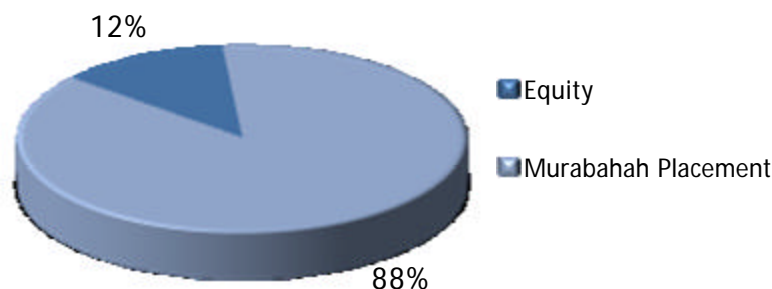
As on September 30, the net assets of Meezan Capital Protected Fund (MCPF-1) stood at Rs. 656 million, showing a marginal increase of 0.97% month-on-month. For September 2010, MCPF-1 provided a return of 1%.

## Portfolio

### Salient Features

|                                       |  |
|---------------------------------------|--|
| <b>Key Benefits</b>                   | Preservation of Principal Investment upon maturity of investment |
|                                       | Primary Investment in Murabahah                                  |
|                                       | Exposure to equity coupled with capital protection               |
|                                       | Very Low Risk  |
| <b>Investment Policy and Strategy</b> | Tax-free Returns (for holdings till maturity)                    |
|                                       | Tax Credit as per tax laws                                       |
|                                       | Upto 23% exposure to equity                                      |
|                                       | 77% of Investment in Capital Protected segment                   |
|                                       | Murabahah Placement with a top rated Islamic bank                |

### Sector Allocation



## Al Meezan Mutual Fund

### Performance

**Month on Month** Aug '10 Sep '10

Return on AMMF -5.37% 1.60%

Return on KSE-100 index -6.71% 2.04%

Return on KMI-30 Index \* -4.81% 3.14%

### Year – to - date (FY)

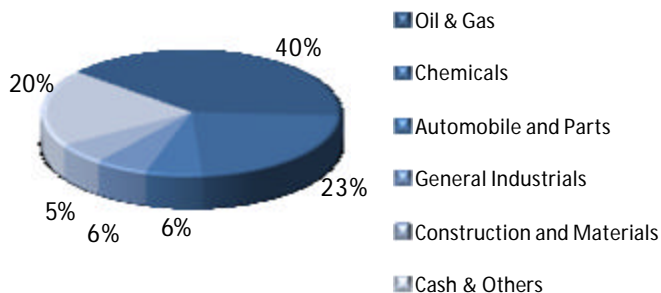
Return on AMMF 3.50% 5.16%

Return on KSE-100 index -2.11% 3.00%

Return on KMI-30 Index \* 1.14% 7.61%

\* Benchmark

### AMMF Assets Distribution – September '10



### Fund Assets:

|                   | Aug'10 | Sep'10 | MoM % |
|-------------------|--------|--------|-------|
| Net Assets (mn)   | 1,453  | 1,476  | 1.60% |
| NAV Per Unit (Rs) | 10.56  | 10.73  | 1.60% |

### 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 September 30, 2010 stood at Rs. 1.5 billion. The fund's NAV appreciated by 1.6% during the month of September against an increase of 3% in the benchmark index (KMI -30) while KSE-100 Index, during the same period increased by 2%.

## Meezan Balanced Fund

### Performance

**Month on Month** Aug '10 Sep '10

Return on MBF -2.61% 1.28%

Benchmark Return\* -2.16% 1.81%

Return on KMI-30 Index -4.81% 3.14%

### Year – to - date (FY)

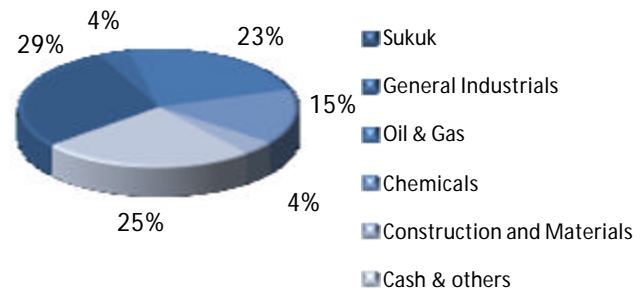
Return on MBF 2.45% 3.76%

Benchmark Return\* 1.06% 4.29%

Return on KMI-30 Index 1.14% 7.61%

\*50% return on Islamic deposits and 50% return on KMI -30

### MBF Assets Distribution – September '10



### Fund Assets:

|                   | Aug'10 | Sep'10 | MoM % |
|-------------------|--------|--------|-------|
| Net Assets (mn)   | 1,309  | 1,326  | 1.28% |
| NAV Per Unit (Rs) | 10.91  | 11.05  | 1.28% |

### 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 Shariah compliant instruments.

### Fund Review

Net assets of Meezan Balanced Fund (MBF) as at September 30, 2010 stood at Rs. 1.3 billion. The fund's NAV appreciated by 1.3% during the month.