



## MEEZAN ISLAMIC FUND (MIF)

### MUTUAL FUND RATING (MAY 2008)

**NORMAL:** ★★★★★ (5-STAR)

**LONG TERM:** ★★★★★ (5-STAR)

**FUND:** Meezan Islamic Fund

**FUND CATEGORY:** Islamic Equity Fund

**FUND TYPE** Open-end

**LAUNCH DATE:** October 2003

**ASSET MANAGER:** Al Meezan Investment Management Limited

**TRUSTEE:** Central Depository Company

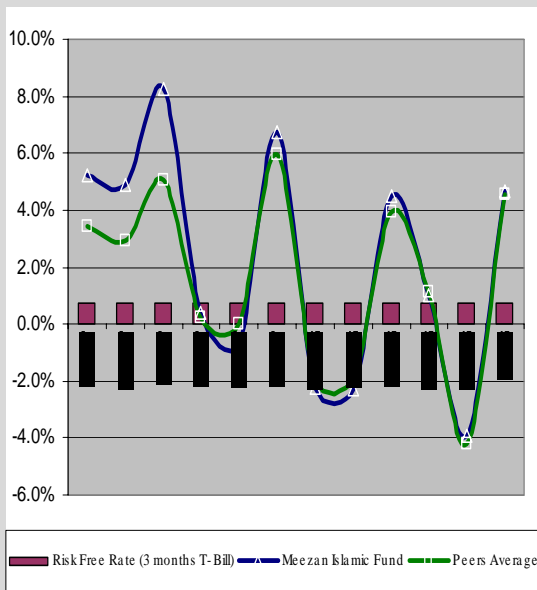
### RATING

The star ratings measure the performance of the funds not only on the returns given by these funds over the period of analysis but also the risk – measured by variability in return over monthly periods. The rating of a fund is comparable only to ratings of other funds in the same category. An Islamic Equity Fund means a fund that invests in *shariah* compliant instruments only, and maintains around 50% of its net assets in equities at all time.

PACRA assigns two types of star ratings, differentiated on the basis of period of review; (i) normal star ratings based on performance during the trailing 12 months, and (ii) long-term star ratings based on performance during the trailing 36 months period.

MIF has been assigned 5-star rating (normal) based on the performance during FY07. Meanwhile, a long-term rating of 5-star has also been assigned to the fund based on the performance during FY05 to FY07.

### SIMPLE ANNUALISED RETURN:



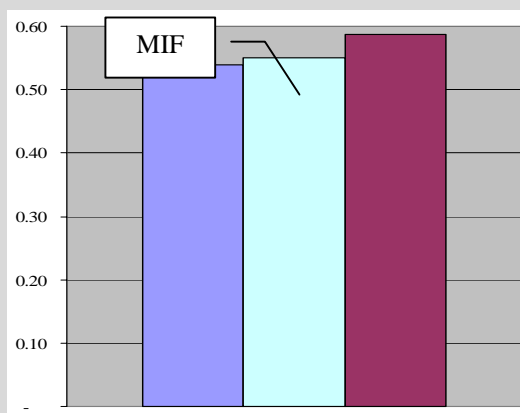
### ASSET MANAGER

Al Meezan Investment Management Limited (AMIM), registered with SECP as an NBFC, was incorporated in February 1995. AMIM is a subsidiary (65% shareholding) of Meezan Bank Limited (MBL), the first scheduled Islamic commercial bank in the country. The main sponsors of the bank are some leading financial institutions based in Pakistan, Kuwait, Bahrain and Saudi Arabia including Pakistan Kuwait Investment Company (Pvt) Limited (PKIC), which also owns 30% shareholding in AMIM.

The Chief Executive of AMIM, Mr. Mohammad Shoaib, is a CFA Charter holder and also has Masters degree in Business Administration with over 16 years of experience in the capital markets. The Head of Investments is an MBA with extensive experience of more than 10 years in the financial sector of the country.

AMIM is mainly catering to investment objectives of client base having preference for Islamic mode of investment. The company, inline with the initiative taken by some leading players in the conventional sector, is focusing on launching specialized products. In this regard, Meezan Tahaffuz Pension Fund has already been launched during the year, and a *shariah* compliant capital protected fund, in collaboration with MBL, is in the offing. Apart from the pension scheme, the company is currently managing four funds with assets under management aggregating to around PKR 18bln at end-Feb 2008. AMIM, in addition to MIF, manages another open-end fund Meezan Islamic Income Fund and two closed-end funds namely Al Meezan Mutual Fund and Meezan Balanced Fund.

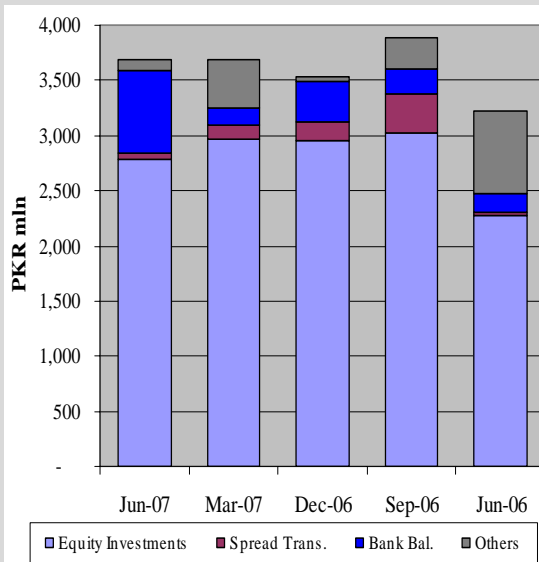
### SHARPE RATIO VS PEERS (FY-07)



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**ASSET ALLOCATION**



**TOP TEN HOLDINGS (30-June-07)**

Entity	Holding as a %age of total portfolio
Engro Chemical Pakistan Limited	12.7%
Oil & Gas Development Co. Limited	12.4%
Al Meezan Mutual Fund Limited	9.1%
Packages Limited	9.0%
Pakistan Petroleum Limited	8.6%
Fauji fertilizer Co. Limited	8.1%
Indus Motor Company Limited	4.9%
Fauji Fertilizer Bin Qasim Limited	4.8%
Pak Suzuki Motor Company Limited	3.9%
Pakistan Oilfields Limited	3.7%
Others	22.8%
<b>Total</b>	<b>100.0%</b>

**Total Equity Portfolio (PKR mln)** 2,844  
**Equity Portfolio / Total Assets** 74.2%

**UNIT HOLDING PATTERN (30-June-07)**

Category	%
Individuals	42.0%
Corporates	4.1%
Financial Institutions	10.3%
Associates	13.0%
Others	30.7%
<b>Total</b>	<b>100.0%</b>

**PERFORMANCE**

MIF registered sizeable growth in its earnings during FY07. This was mainly attributable to realized and unrealized gains on equity securities. The Fund, as against unrealized loss on the equity portfolio in the last corresponding year, registered a sizeable portion of unrealized gains, accrued on a selected portfolio of fundamentally strong liquid stocks. While dividend income depicted substantial improvement on a standalone basis, its proportion in the total income was largely maintained. There was also a modest, albeit improving, contribution from other assets like *shariah* compliant bank deposits and other Islamic debts instruments. Meanwhile, the average funds deployed in deferred sale mechanism, a *shariah* compliant approved equivalent of ready-future spread transactions, during FY07 were at a modest level.

In terms of absolute monthly returns and volatility, as measured by Sharpe Ratio, the Fund is better placed among peers. Meanwhile, MIF also exhibited superior performance over the long time horizon of three years (FY05- 07), as depicted by its long-term 5-star rating.

**INVESTMENT METHODOLOGY**

The primary objective of MIF is to provide the maximum total return to the unitholders from investment in *shariah* compliant investments for the given level of risk. Inline with its objective, the Fund invests mainly in equity instruments, though it can also invest in other Islamic income instruments based on Morabaha, Musharika, Morabaha, Salam or other Islamic modes of financing allowed by SECP and confirmed as *shariah* compliant by MIF's Shariah Advisor, MBL.

The Investment Committee (IC), comprising Chief Executive, Head of Investments, Head of Research and Product Development, the Fund Manager and research analysts, is responsible for investment decisions. The IC usually meets daily in which analysts give an overview of sectors and present recommendations with respect to their valuation of the industry and specific companies. Based on these recommendations, IC sets the strategy that includes the scrips to be targeted and broader execution limits.

**ANALYST**

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**RATING SCALE**

- ★★★★★ Superior Performance
- ★★★★ Good Performance
- ★★★ Average Performance
- ★★ Weak Performance
- ★ Poor Performance