



UNIT TRUST OF PAKISTAN (UTP)

MUTUAL FUND RATING (APRIL 2008)

NORMAL: ★★★★★ (5-STAR)

LONG TERM: ★★★★★ (5-STAR)

FUND: Unit Trust of Pakistan

FUND CATEGORY: Balanced Fund

FUND TYPE: Open-end

LAUNCH DATE: October 1997

ASSET MANAGER: JS Investments Limited
(Formerly JS ABAMCO Limited)

ASSET MANAGER RATING: AM2+ (by PACRA)

TRUSTEE Central depository
Company of Pakistan
Limited (CDC)

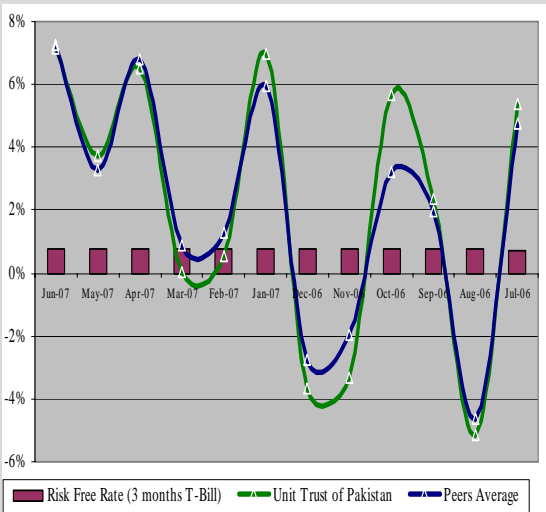
RATING

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 on 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. A balanced fund means a fund that carries a mix of interest-based and equity securities and at least invests around 30% of its net assets in equities at all times.

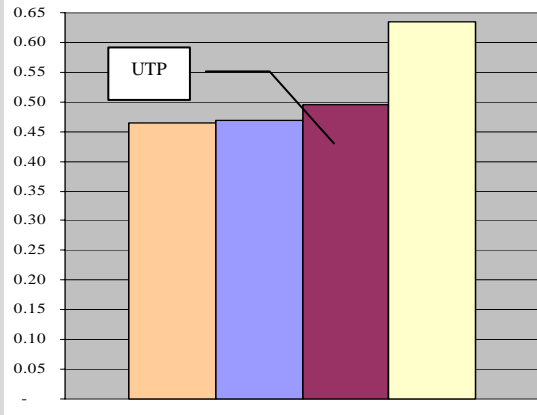
PACRA assigns two types of star ratings, differentiated based on period of review; (i) normal star ratings based on performance during the trailing 12 months, and (ii) long-term star ratings based on performance during the trailing 36 months period.

UTP (category: balanced fund, open-end) 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.

ABSOLUTE RETURN - MONTHLY



SHARPE RATIO VS PEERS (FY-07)



ASSET MANAGER

Incorporated in 1995, JS Investments Limited (JSIL) is the leading private sector asset management company in Pakistan. It is a subsidiary of Jahangir Siddiqui & Company Limited, JSCL, (52% shareholding at end-Dec07). Starting as a traditional securities firm, JSCL now functions as a holding company for Jahangir Siddiqui (JS) Group for its interest within the financial sector, brokerage, asset management and banking. The Group also has investments in major industries namely the textiles, fertilizer, technology & media, commercial real estate, energy & natural resources and aviation. JSIL went public on March 21, 2007 with some members of the JS family divesting a portion of their holding through an offer for sale.

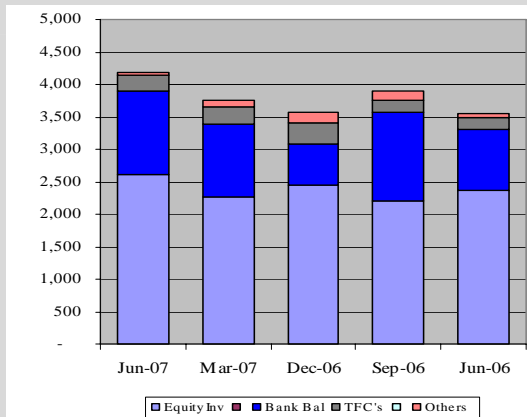
The seven-member BoD is reasonably diverse in terms of background and experience. The Chief Executive of JSIL, Mr. M. Najam Ali, is a Chartered Accountant with extensive exposure to the financial sector. The position of Chief Investment Officer (CIO) is currently vacant following the departure of the previous CIO in mid-07. The fund manager of UTP is an MBA having reasonable experience in the financial sector.

JSIL has an asset manager rating of ‘AM2+’, which reflects the company’s very strong capacity to manage the risks inherent in asset management. The company offers a wide range of mutual funds with varying risk/return profiles. Currently, the company is managing thirteen funds – ten open-end and three closed-end – with assets under management aggregating to over PKR 40bln. JSIL has launched a pension saving scheme, having three underlying sub-funds. After launching a range of plain vanilla funds including balanced, income, equity, and Islamic, the company is focusing upon specialized products to tap specific investor needs.

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ASSET ALLOCATION



TOP TEN HOLDINGS (30-June-07)

Entity	Holding as a %age of total portfolio
Azgard Nine Limited	17.1%
Oil & Gas Development Company	9.0%
Pakistan Oilfields Limited	8.3%
Nishat Mills Limited	8.3%
Pakistan Petroleum Limited	7.6%
Fauji Fertilizer Bin Qasim Limited	7.0%
Askari Bank Limited	5.3%
Pakistan State Oil Company Limited	5.3%
Packages Limited	5.2%
Pakistan Telecommunication Company Limited	4.4%
Others	22.6%
	100.0%

Total Equity Portfolio (PKR mln) **2,605**
 Equity Portfolio / Total Assets **62.3%**

UNIT HOLDING PATTERN (30-June-07)

Category	%
Individuals	12.1%
Corporates	9.4%
Financial Institutions	29.6%
Pension/Provident Funds & Others	48.9%
	100.0%

PERFORMANCE

UTP's earnings – consistent with its policy to maintain a mix of equity and debt securities – are a combination of capital gains, dividend income and interest income. However, the major chunk of its income accrues in the form of capital gains – both realized and unrealized. The unrealized gains on equity portfolio, mainly emanating from fundamentally strong and liquid scrip, have 40% contribution in the total income during FY07 (unrealized loss of PKR78mln during FY06). The dividend income, though registering a moderate YoY increase, has less than 10% contribution in the total income. The Fund in the recent periods has maintained high level of bank deposits to benefit from increasing interest rates offered by financial institutions. Meanwhile, the portion of investment in TFCs continues to be at a modest level.

The gross redemption from investors exceeded the fresh investor interest in the fund during FY07 and the appreciation in the fund's size is mainly a function of income earned during the year. Although posting relatively better monthly returns during FY07, the fund's Sharpe ratio has remained average among peers owing to relatively higher volatility. Meanwhile, over a longer time horizon of three years, the fund also achieved 5-star rating.

INVESTMENT OBJECTIVE AND METHODOLOGY

The investment objective of UTP is, by prudent investment management, to preserve investors' capital while maximizing value and maintaining a stable stream of income. The major portion of UTP's assets is deployed in listed equities and fixed income securities. The market risk is mitigated by investing in liquid and dividend paying companies with growth prospects. sFor fixed-income securities such as TFCs, in-house credit analysis reports are prepared.

To reduce dependence on external resources, avoid conflict of interest with other group companies, JSIL has strengthened the composition of its Investment Committee (IC) after which the reference shareholder (JSCL) has been sufficiently distanced from the investment function. The IC, comprising the CEO, Chief Operating Officer (COO), the CIO (as the position is vacant, the CEO is looking after the role in the interim), Executive Director, Head of Research and Head of Business Planning and Development, is responsible for macro-level planning including asset allocation and overall investment policy. The fund manager, in consultation with CIO, executes the investment decisions under the broad guidelines prescribed by the IC.

ANALYST

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RATING SCALE

★★★★★ Superior Performance
 ★★★★☆ Good Performance
 ★★★☆☆ Average Performance
 ★★☆☆☆ Weak Performance
 ★☆☆☆☆ Poor Performance