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# UTP - ISLAMIC FUND

Annual Report 2009



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# Vision

To be Industry Leaders in Financial Services

# Mission

Pursuit of Professional Excellence

# Core Values

- Shareholder Value
- Integrity
- Commitment

## ORGANIZATION

### Management Company

JS Investments Limited  
7<sup>th</sup> Floor, The Forum, G-20  
Khayaban-e-Jami, Block-9, Clifton  
Karachi-75600  
Tel: (92-21) 111-222-626 Fax: (92-21) 5361724  
E-mail: info@jsil.com  
Website: www.jsil.com

### Board of Directors

Munawar Alam Siddiqui	Chairman
Muhammad Najam Ali	Chief Executive Officer
Ali Raza Siddiqui	
Nazar Mohammad Shaikh	
Siraj Ahmed Dadabhoy	
Lt.General (R) Masood Parwaiz	
Sadeq Sayeed	

### Audit Committee

Nazar Mohammad Shaikh	Chairman
Munawar Alam Siddiqui	Member
Lt.General (R) Masood Parwaiz	Member

### Chief Financial Officer & Company Secretary

Suleman Lalani

### Trustee

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Main Sharah-e-Faisal,  
Karachi-74400 Pakistan.  
Tel: (92-21) 111 111 500  
Fax: (92-21) 4326040

### Auditors

M.Yousuf Adil Saleem & Co.  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Shahrah-e-Faisal,  
Karachi 75530, Pakistan

### Legal Adviser

Bawaney & Partners  
Room No.404, 4th floor,  
Beaumont Plaza,  
Beaumont Road, Civil Lines  
Karachi-75530.

### Transfer Agent

Technology Trade (Private) Limited  
241-C, Block 2, P.E.C.H.S, Karachi  
Tel: (92-21) 4391316-7  
Fax: (92-21) 4391318

### Shariah Supervisory Council

Muhammad Taqi Usmani  
Sajid-ur-Rahman Siddiqui  
Abdullah Najeeb-ul-Haq Siddiqui

## DIRECTORS REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited, the Management Company of UTP Islamic Fund (the Fund), is pleased to present the Annual Report for the year ended June 30, 2009.

### 1. Review of Fund Performance

The KSE-100 Index declined by 41.72% during the year under review and closed at 7,162 points on June 30, 2009. The KSE-30 Index also witnessed similar decline of 47.15% and closed the year at 7,571 level. A detailed market review is presented in the enclosed Fund Manager Report.

The Fund posted a return of -43.05% against a benchmark return of -35.77% resulting in an underperformance of 7.28%. The funds underperformance was mainly due to our reduced asset allocation to equities once the market freeze had been lifted on Dec 15<sup>th</sup> 2008. At the time we felt that the major element of systemic risk existed in the equity markets, due to the looming default on the large amount of CFS MK II and margin financing and the subsequent expected bankruptcy of a number of brokers. This potential financial Armageddon was avoided with the help of government intervention in solving the issue of margin financing. Despite government and exchange help 7 brokers defaulted over time and though this number was much lower than expected, the damage could have been very severe. Systemic meltdown was avoided and the market rebound was much sharper than expected by us. While we did miss out on the upside from the market low due to a reduced allocation to equities, we felt that on the balance of probabilities, protection of capital was the prudent stance to adopt when the level of systemic risk in the equity market was so high.

The Fund incurred a net loss of Rs. 270 million during the year ended June 30, 2009, including unrealized loss on investment of Rs. 72 million. Net redemptions during the year were Rs. 118 million. The net assets of the Fund declined by 56.37 percent from Rs. 793 million to Rs. 346 million during the year under review. The net assets value as on June 30, 2009 was Rs. 297.64 per unit compared to beginning ex-distribution net assets value of Rs. 522.25 per unit showing a decline of 43 percent.

### 2. Fund and Asset Manager Rating

The Fund rating methodology is presently under discussion between the Management Company and the Pakistan Credit Rating Agency (PACRA). Further, MUFAP is also in consultation with the country's two rating agencies and the SECP in terms of having a consistent and uniform rating methodology for mutual funds. Updated fund rating will be announced once a conclusion is reached on the same.

PACRA has awarded an **AM2+** asset manager rating to JS Investments Limited. The rating denotes the company's very strong capacity to manage the risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks.

### 3. Compliance

The Board of Directors of the Management Company states that:

- a. The financial statements, prepared by the Management Company, present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in net assets of the Fund.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as a going concern.
- g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
- h. A performance table / key financial data is given on page 09 of this annual report.

## UTP - Islamic Fund

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- i. The Directors have signed the Statement of Ethics and Business Practices .
- j. The Chief Executive, directors and executives and their spouses do not hold any unit in the fund.
- k. Summary of units acquired / redeemed during the year by the Chief Executive, directors and executives, their spouses and minor children is provided below:

<u>Name</u>	<u>Designation</u>	<u>Units Acquired</u>	<u>Units Redeemed</u>
Ali Aftab Chowdhary	Senior Manager	21,405.94	21,405.94

- l. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2009 was Rs. 13.108 million.

#### **4. Meetings of the Directors**

During the year six meetings of the Board of Directors were held. The attendance of each director for these meetings is disclosed in the notes to the financial statements.

#### **5. Auditors**

The external auditors of the Fund Messrs. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible offer themselves for reappointment. The Audit Committee of the Board of the Management Company has recommended reappointment of M. Yousuf Adil Saleem & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2010.

#### **6. Acknowledgment**

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Karachi: 21 August, 2009

**Muhammad Najam Ali**  
Chief Executive Officer

## FUND MANAGER'S REPORT

### UTP Islamic Fund (UTP ISF)

#### Fund Profile

Fund type	Open end - Islamic Equity Fund
Fund launch date	27 December, 2002
Fund Assets (PKR mn)	346.37
Benchmark	DJIMPK
Listing	Lahore Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd.
Auditors	M. Yousuf Adil Saleem Co.
Risk profile	High
Management fee	2.00%

#### Investment Philosophy

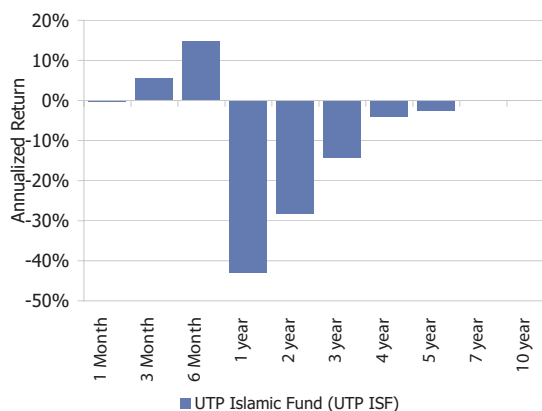
UTP ISF aims to grow investor's capital in the long term in adherence with principles of Shariah compliance as advised by the Shariah Supervisory Council (SSC) of this fund while ensuring liquidity. The fund investments are limited to asset classes approved by the Shariah Supervisory Council and all companies under investment consideration are regularly screened for Shariah compliance. The fund during the period achieved its investment objective through its investment strategies. The investment strategy comprised of investment in fundamentally sound securities keeping in view both the market and the underlying economic sentiment in the country. The fund, during the year, underperformed the DJIMPK by 7.28%. There was no significant change in the state of affairs of the fund during the period

#### Market Review FY09

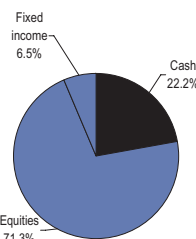
During the year under review, the KSE-100 index fell from 12,289.03 at June 30th, 2008 to 7,162.18 on June 30th, 2009, down by 41.72%. The decline was mainly on account of growing political uncertainties and worsening economic conditions. Activity in the equity market remained heavily subdued during the first half of the year after a floor mechanism was enforced by the management of the KSE on August 27 2008 freezing scrip prices at their respective levels (the floor of the KSE-100 was set at a level of 9,144.93). Furthermore, high inflation and burgeoning fiscal and current deficits forced the country to enter into the IMF program with a loan of USD 7.6bn in order to bridge the expenditure gap. During FY09 two tranches of the IMF have been received. The tight monetary stance of the Central Bank continued into FY09. Having already raised its policy rate by 200 bps during 2HFY08, the regulator increased interest rates by another 100 bps to 13% on 30th July, 2008 and on 13th November 2008, the SBP, in an effort to bring down inflation from its 25% level, once again raised its discount rate, this time by 200 bps to 15%.

The removal of the floor mechanism on December 15th, 2009 led to strong selling pressure in the market, whereby the KSE-100 declined to a low of 4,815.34 points in January 2009. Thereafter, restoration of deposed judges, resolution of major political differences between the two leading parties and expectations of significant foreign inflows fuelled positive sentiments in the market. Declining inflation (June 09 inflation recorded at 13.13%) and a falling current account balance resulted in a 100 bps reduction (to 14%) in the policy rate by the State Bank of Pakistan in its Monetary Policy Review on 21st April, 2009 which helped stimulate positive sentiments in the market and the KSE-100 index recovered by 58% to its closing level of 7,162.18 on June 30th 2009.

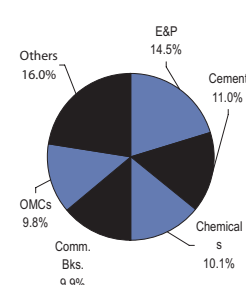
#### Performance (in percentage)



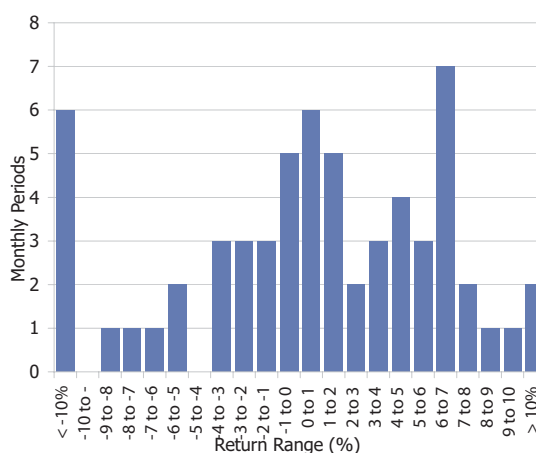
#### Asset Allocation



#### Sector Allocation



#### Distribution of Returns





## UTP - Islamic Fund

### UTP Islamic Fund (UTP ISF)

Benchmark Analysis	Benchmark
Alpha	-0.3%
Annualized Alpha	4.0%
Beta	0.1
Correlation	0.1
R-squared	-0.4

Statistical Analysis	Fund	Benchmark
Compound ROR	-3.1%	2.8%
Standard Deviation	25.5%	30.4%
Cumulative Return	-14.8%	14.85%
Cumulative VAMI	852	1,148
Sharpe (13.00%)	-0.5	-0.1
Largest Month Gain	11.9%	20.2%
Largest Month Loss	-28.7%	-37.1%
% Positive Months	59.0%	54.1%
% Negative Months	41.0%	45.9%

#### Split of Units

The Fund has not carried out any certificate split exercise during the year.

Distribution (FY08)	in %	in PKR
Stock dividend	Nil	Nil

#### Effects on the NAV after Distribution

##### NAV per unit as on June 30, 2008

Cum NAV (PKR)	522.60
Ex-NAV (PKR)	522.60

#### Distribution for the Year Ended June 30, 2009

The Fund has not paid any distribution for the year ended June 30, 2009.

#### Other Disclosures

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

Important Information: The value of mutual fund investments may go up or down and are subject to market conditions. Past performance is not necessarily indicative of future results and annualized returns for period of less than one year can be misleading. JS Investments Limited has exercised due diligence and care in preparing the information contained herein and believes it to be reliable as of the date indicated. However no guarantee is given that it is accurate or complete. JS Investments Limited shall not be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages or losses, including lost profits arising in any way from the information contained herein. Please consult your legal and/ or financial advisor before making any investment decisions. Information provided here is for the use of intended recipients only and the contents may not be reproduced, redistributed, or copied in whole or in part for any purpose without prior express consent of JS Investments Limited.

**PERFORMANCE TABLE / KEY FINANCIAL DATA**

	2009	2008	2007	2006	2005	2004	2003
Net assets - Rupees in '000	346,371	792,963	916,369	863,984	947,203	641,912	455,281
Total realized (loss) / income - Rupees in '000	(186,694)	96,080	197,818	344,708	201,367	77,853	47,560
Total unrealized (loss) / gain in portfolio - Rupees in '000	(71,960)	(129,261)	21,601	(95,113)	(125,971)	83,366	30,686
Total expenses - Rupees in '000	11,360	32,184	37,451	33,737	36,547	26,686	8,100
Net (loss) / income - Rupees in '000	(270,014)	(65,365)	181,968	215,858	38,849	134,532	70,146
Total expense to net assets ratio (%)	3.28	4.06	4.09	3.90	3.86	4.16	1.78
Total dividend distribution - Rupees in '000	-	-	187,262	207,148	74,984	78,783	33,244
Accumulated capital growth - Rupees in '000	(275,447)	(5,433)	59,932	65,226	56,516	92,651	36,902
<b>Outstanding Units</b>							
Units in issue June 30th - Number	1,163,711	1,518,365	1,259,923	1,104,791	1,499,682	926,861	831,113
<b>Data Per Unit</b>							
Net assets value - Rupees	297.64	522.25	727.32	782.03	631.60	692.57	547.80
Net (loss) / income - Rupees	(232)	(43)	144	195	26	145	84
Cash / stock dividend - Rupees	-	-	148.63	187.50	50.00	85.00	40.00
Date of announcement of cash / stock dividend	July 7, 2009	July 9, 2008	July 7, 2007	July 8, 2006	July 9, 2005	July 12, 2004	July 12, 2003
Dividend as % of NAV at the beginning of the year	-	-	25.00	32.24	8.22	16.73	8.00
Selling price as at June 30 - Rupees	306.58	537.92	749.14	805.50	650.75	713.50	564.25
Repurchase price as at June 30 - Rupees	297.64	522.25	727.32	782.03	631.50	692.50	547.75
Highest issue price during the year - Rupees	509.07	658.49	751.91	998.25	754.25	751.50	595.75
Lowest issue price during the year - Rupees	248.50	505.68	576.41	589.50	536.00	563.50	514.75
Highest redemption price during the year - Rupees	494.23	639.30	730.00	969.15	739.25	736.50	583.80
Lowest redemption price during the year - Rupees	241.25	490.95	559.61	572.00	525.25	552.25	504.50

**Notes**

- The income distribution have been shown against the year to which they relate although these were declared and distributed subsequently to the year end.
- UTP Islamic Fund was launched on December 2002.
- Units have par value of Rs. 500/- each.
- Past performance is not necessarily indicative of future performance and that unit prices and investment returns may go down, as well as go up.

## **REVIEW REPORT TO THE UNIT HOLDERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the JS Investments Limited, the management company of UTP Islamic Fund (the Fund) to comply with the Listing Regulation No. 37 (Chapter XI) of the Lahore Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the management company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the personnel of the management company and review of various documents prepared by the management to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2009.

Karachi: 21 August, 2009

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This Statement is being presented in compliance with the Code of Corporate Governance ( the Code ) contained in Regulation 37 of the Lahore Stock Exchange where the Fund is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

JS Investments Limited (the Management Company) which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the board). Presently, the Board includes five non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the directors of the Management Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy on the Board occurred during the year.
5. The Management Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund which have been approved by the Board. A complete record of particulars of significant policies has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the meetings of the Board, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board is well aware of the requirements of the Code and had participated in orientation courses arranged by the Management Company in last year. Arrangements shall also be made shortly for another orientation session.
10. During the year, there was no change of Chief Financial Officer / Company Secretary and the Head of Internal Audit. Their remuneration and terms and conditions of employment have been approved by the Board.
11. The Directors Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund have been prepared in accordance with the approved accounting standards as applicable in Pakistan and were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors Report.
14. The Management Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Fund.

## UTP - Islamic Fund

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15. The Board has formed an Audit Committee. It comprises of three non-executive directors.
16. The meetings of the Audit Committee of Management Company are held every quarter prior to approval of interim and annual results of the Fund as required by the Code. The Board has approved terms of reference of the Audit Committee.
17. The Board has set-up an effective internal audit function headed by the Head of Internal Audit & Compliance.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Fund except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 21 August, 2009

**Muhammad Najam Ali**  
Chief Executive Officer



## REPORT OF THE SHARIAH SUPERVISORY COUNCIL

The SSC of JS Investments, through its two members, on request of the management made a review of the documents and financial statements for the year 2008-2009.

Overall transactions were found compliant with Shariah principles as explained by the SSC except the following two observations:

1. Fund was involved in purchasing Eye Television and TRG Pakistan shares which are not Shariah compliant. They should be disposed of instantly without any delay and any income generated through gain of share or dividend should be given to charity.
2. Any trading needed in a new company if required should be done after Shariah approval.

Furthermore it was observed that the fund deals in shares (buy & sell) which it has some holding. To identify whether the shares sold are the same which are bought the same day or are from the stock the fund already has, it is now being instructed that the fund should use different brokers for this purpose and also attach CDC statement, unique ID with the sales proceeds.

Karachi: 9 September, 2009

**Justice Muhammad Taqi Usmani**  
Chairman

**Dr. Sajidur Rahman Siddiqi**  
Member

**Abdullah Siddiqi**  
Member

### **INDEPENDENT ASSURANCE PROVIDER S REPORT ON SHARIAH COMPLIANCE TO UNIT HOLDERS**

We have performed our independent assurance engagement of UTP Islamic Fund (the Fund) to assess the Fund s compliance with Shariah guidelines prescribed by the Shariah Supervisory Council in accordance with clause 3.5 (b) of the Trust Deed dated December 16, 2002 of the Fund for the year ended June 30, 2009.

#### **Management Company s Responsibility**

Management Company of the Fund is responsible for the appointment of Shariah Supervisory Council of the Fund and for compliance with the Shariah guidelines prescribed by the Shariah Supervisory Council. This responsibility includes: designing, implementing and maintaining internal control to ensure compliance with Shariah guidelines issued by the Shariah Supervisory Council of the Fund.

#### **Responsibility of independent assurance providers**

Our responsibility is to express our conclusion on the compliance based on our independent assurance engagement, performed in accordance with the International Standards on Assurance Engagements (ISAE 3000) Assurance Engagements other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance whether the Fund has complied with the guidelines issued by the Shariah Supervisory Council.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Shariah guidelines. In making those risk assessments, we have considered internal controls relevant to the entity s compliance with the guidelines in order to design our procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to determine that the Fund was not materially non-compliant with the guidelines. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the entity s internal control.

#### **Conclusion**

We would like to draw attention to the following observations made by Shariah Supervisory Council in their report:

- a) During the year, the Fund made investments in the securities of Eye Television Network Limited and TRG Pakistan Limited which are not Shariah compliant. However, these have been disposed off subsequent to the year end.

In our opinion, except for the matter highlighted in para (a), the Fund was, in all material respects, in compliance with the Shariah guidelines issued by the Shariah Supervisory Council in accordance with clause 3.5 (b) of the Trust Deed dated December 16, 2002 for the year ended June 30, 2009.

Karachi: 21 October, 2009

**M. Yousuf Adil Saleem & Co.**  
Chartered Accountants

## TRUSTEE REPORT TO THE UNIT HOLDERS

### Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The UTP Islamic Fund (the Fund), an open-end fund was established under a trust deed dated December 16, 2002, executed between JS Investments Limited, as the Management Company and Muslim Commercial Financial Services (Private) Limited (MCFSL), as the Trustee.

As per deed of change of trustee and amendment of trust deed dated May 28, 2005 MCFSL retired as the trustee and Central Depository Company of Pakistan Limited was appointed as the Trustee of the Fund.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: September 26, 2009

**Muhammad Hanif**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited



### **INDEPENDENT AUDITORS REPORT TO THE UNIT HOLDERS**

We have audited the accompanying financial statements of **UTP Islamic Fund** (the Fund) for the year ended June 30, 2009 which comprises the statement of assets and liabilities, income statement, cash flow statement, distribution statement and statement of movement in unit holders fund together with a summary of significant accounting policies and other explanatory notes, for the year then ended, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

#### **Management's responsibility for the financial statements**

JS Investments Limited (the management company) of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at June 30, 2009, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

#### **Other matters**

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Date: 21 August, 2009

**M. Yousuf Adil Saleem & Co.**

Chartered Accountants

Engagement Partner

**Nadeem Yousuf Adil**



# FINANCIAL STATEMENTS



**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>Assets</b>			
Investments	3	269,392,405	748,107,821
Bank balances	4	72,335,459	84,040,957
Dividends and other receivables	5	8,466,280	5,282,207
Security deposits	6	2,600,000	2,600,000
Total assets		352,794,144	840,030,985
<b>Liabilities</b>			
Remuneration payable to the management company		568,685	1,323,239
Remuneration payable to the trustee		57,605	132,227
Annual fee payable to Securities and Exchange Commission of Pakistan		431,782	893,303
Accrued and other liabilities	7	5,353,695	44,546,105
Amount payable on redemption of units		-	161,724
Unclaimed dividend		11,533	11,533
Total liabilities		6,423,300	47,068,131
<b>Net assets</b>		<b>346,370,844</b>	<b>792,962,854</b>
<b>Unit holders' funds</b> (as per statement attached)		<b>346,370,844</b>	<b>792,962,854</b>
<b>No. of units</b>			
<b>Number of units in issue</b>		<b>1,163,711</b>	<b>1,518,365</b>
<b>Rupees</b>			
<b>Net assets value per unit</b>		<b>297.64</b>	<b>522.25</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director

**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009 Rupees	2008 Rupees
<b>Income</b>			
Net (loss) / gain on sale of marketable securities		<b>(275,649,908)</b>	41,427,342
Diminution on remeasurement of investments in held-for-trading securities		<b>(71,959,905)</b>	(129,261,160)
		<b>(347,609,813)</b>	(87,833,818)
Dividend income		<b>16,404,127</b>	25,052,460
Return on bank balances		<b>12,362,986</b>	9,503,370
Profit from investment in debt securities		<b>946,851</b>	-
Amortization of discount on investments		<b>210,326</b>	-
Other income		-	190,000
Element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed		<b>59,031,488</b>	19,907,146
		<b>(258,654,035)</b>	(33,180,842)
<b>Expenses</b>			
Remuneration to the management company	8	<b>8,758,273</b>	22,279,646
Remuneration to the trustee	9	<b>896,171</b>	1,786,488
Remuneration to the shariah supervisory council		-	120,000
Annual fee to Securities and Exchange Commission of Pakistan	10	<b>431,782</b>	893,303
Bank and settlement charges		<b>50,679</b>	216,026
Listing fee		<b>30,000</b>	30,000
Auditors' remuneration	11	<b>415,000</b>	490,700
Securities transaction cost		<b>501,553</b>	6,105,537
Mutual fund rating fee		<b>100,000</b>	100,000
Printing and stationary		<b>176,970</b>	162,210
		<b>11,360,428</b>	32,183,910
<b>Net loss for the year carried forward to distribution statement</b>		<b>(270,014,463)</b>	(65,364,752)

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

	2009 Rupees	2008 Rupees
<b>Cash flows from operating activities</b>		
Net loss for the year	(270,014,463)	(65,364,752)
<b>Adjustments for:</b>		
Net loss / (gain) on sale of marketable securities	275,649,908	(41,427,342)
Diminution on remeasurement of investments in held-for-trading securities	71,959,905	129,261,160
Dividend income	(16,404,127)	(25,052,460)
Return on bank balances	(12,362,986)	(9,503,370)
Profit from investment in debt securities	(946,851)	-
Amortization of discount on investments	(210,326)	-
Other income	-	(190,000)
Element of (income) / loss and capital (gains) / losses in prices of units issued less those in units redeemed	(59,031,488)	(19,907,146)
	<b>(11,360,428)</b>	<b>(32,183,910)</b>
<b>(Increase) / decrease in assets</b>		
Other receivables	(6,659,951)	210,937,780
Security deposits	-	(2,500,000)
<b>(Decrease) / increase in liabilities</b>		
Remuneration payable to the management company	(754,554)	(975,392)
Remuneration payable to the trustee	(74,622)	(21,034)
Remuneration payable to the shariah supervisory council	-	(60,000)
Annual fee payable to Securities and Exchange Commission of Pakistan	(461,521)	16,740
Accrued and other liabilities	(39,192,410)	10,941,947
Amount payable on redemption of units	(161,724)	(7,563,288)
	<b>(40,644,831)</b>	<b>2,338,973</b>
	<b>(58,665,210)</b>	<b>178,592,843</b>
Sale of investments	398,801,637	3,988,850,564
Purchase of investments	(266,736,109)	(4,113,249,684)
Dividend received	20,619,127	24,727,710
Return on bank balances received	12,570,715	10,421,171
	<b>106,590,160</b>	<b>89,342,604</b>
<b>Net cash from operating activities</b>		
<b>Cash flows from financing activities</b>		
Amounts received on issue of units	19,806,798	361,076,035
Amounts paid on redemption of units	(138,102,456)	(399,210,630)
	<b>(118,295,658)</b>	<b>(38,134,595)</b>
<b>Net (decrease) / increase in cash and cash equivalent during the year</b>	<b>(11,705,498)</b>	<b>51,208,009</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>84,040,957</b>	<b>32,832,948</b>
<b>Cash and cash equivalents at end of the year</b>	<b>72,335,459</b>	<b>84,040,957</b>

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director

**STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2009 Rupees</b>	2008 Rupees
<b>Net assets at the beginning of the year</b>	<b>792,962,854</b>	916,369,347
Amounts received on issue of 48,194* (2008: 898,114.95) units	<b>19,806,798</b>	361,076,035
Amounts paid / payable on redemption of 402,848 (2008: 639,672.95) units	<b>(138,102,456)</b>	(399,210,630)
	<b>(118,295,658)</b>	(38,134,595)
Element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed	<b>(59,031,488)</b>	(19,907,146)
Surplus on remeasurement of available-for-sale investments	<b>749,599</b>	-
Net loss for the year	<b>(270,014,463)</b>	(65,364,752)
<b>Net assets at the end of the year</b>	<b>346,370,844</b>	792,962,854
Net assets value per unit at the beginning of the year	<b>522</b>	727
Net assets value per unit at the end of the year	<b>298</b>	522

\* This includes nil (2008: 275,711.5) units issued as bonus units during the year.

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

	<b>2009 Rupees</b>	2008 Rupees
<b>Undistributed (loss) / income brought forward</b>		
- Realised income	<b>123,794,874</b>	231,568,021
- Unrealised (loss) / income	<b>(129,228,446)</b>	15,625,568
	<b>(5,433,572)</b>	247,193,589
Net loss for the year	<b>(270,014,463)</b>	(65,364,752)
Distribution of bonus units	-	(187,262,409)
<b>Undistributed loss carried forward</b>	<b>(275,448,035)</b>	(5,433,572)
Representing:		
- Realised (loss) / income	<b>(168,539,831)</b>	123,794,874
- Unrealised loss	<b>(106,908,204)</b>	(129,228,446)
	<b>(275,448,035)</b>	(5,433,572)

The annexed notes from 1 to 20 form an integral part of these financial statements.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director



### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009**

#### **1. LEGAL STATUS AND NATURE OF BUSINESS**

UTP Islamic Fund (the Fund) was established under a Trust Deed executed between JS Investments Limited as the management company, a company incorporated under the Companies Ordinance, 1984 (the Ordinance) and the Muslim Commercial Financial Services (Private) Limited (MCFSL) as a Trustee, which is a wholly owned subsidiary of MCB Bank Limited. The Trust Deed was executed on December 16, 2002 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on November 18, 2002 under the Asset Management Companies Rules, 1995 [replaced by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules)]. During the year ended June 30, 2005 MCFSL voluntarily retired as a trustee of the Fund and Central Depository Company of Pakistan Limited (CDC) was appointed as a new trustee under an amended Trust Deed dated May 28, 2005. Accordingly the Trust Deed was approved by the SECP on January 27, 2005 under the Rules.

The management company of the Fund has obtained license to act as an Asset Management Company under the Rules from SECP. The registered office of the management company is situated at 7th Floor, The Forum, G-20, Khayaban-e-Jami, Block 9, Clifton, Karachi.

All the activities of the Fund are undertaken in accordance with the Islamic Shariah rules and principles. The management company has appointed a Shariah Supervisory Council whose advice is followed to ensure that activities of the Fund are in compliance with Shariah.

The Fund is an open ended mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

In compliance of Circular No. 23 dated October 7, 2008 issued by SECP, the pricing issuance and redemption of units of the Fund remained suspended from October 7, 2008 to December 15, 2008, both days inclusive (as a Floor Mechanism on the market value of the securities based on the closing prices of the securities prevailing on August 27, 2008 was enforced in the stock exchange of the country from August 27, 2008 to December 15, 2008). With effect from December 17, 2008, the management Company of Fund, with the approval of its Board of Directors, suspended the issue and redemption of units of the Fund in accordance with the provisions contained in the Trust Deed and Offering Document of the Fund. The Fund recommenced the issue and redemption of units with effect from January 5, 2009.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

The financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Trust Deed, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Regulations, the Rules, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Regulations, the Rules, the Ordinance and the said directives take precedence.

## 2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following standards, amendments and interpretations of approved accounting standards as applicable in Pakistan, effective for accounting periods beginning on or after October 01, 2008 are either not relevant to Fund's operations or are not expected to have significant impact on the Fund's financial statements other than increased disclosures in certain cases:

IAS 1 - Presentation of Financial Statements (Revised)	Effective from accounting period beginning on or after January 01, 2009
IAS 23 - Borrowing Costs (Revised)	Effective from accounting period beginning on or after January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	Effective from accounting period beginning on or after July 01, 2009
IAS 41 - Agriculture	Effective from accounting period beginning on or after January 01, 2009
IFRS 3 - Business Combination (Revised)	Effective from accounting period beginning on or after July 01, 2009
IFRS 8 - Operating Segments	Effective from accounting period beginning on or after January 01, 2009
IFRIC 15 -Agreements for the Construction of Real Estate	Effective from accounting period beginning on or after January 01, 2009
IFRIC 16 -Hedges of a Net Investment in a Foreign Operation	Effective from accounting period beginning on or after October 01, 2008
IFRIC 17 - Distributions of Non Cash Assets to Owners	Effective from accounting period beginning on or after July 01, 2009
IFRIC 18 - Transfer of Assets from Customers	Effective from accounting period beginning on or after July 01, 2009

### 2.2.1 Standard Effective and adopted in current year

IFRS7 - Financial Instrument : Disclosures, Requires extensive disclosures about the significance of financial instruments for the Fund s financial position and performance, and quantitative disclosure on the nature and extent of risks. Adoption of this standard has resulted in additional disclosures given in note 15 to the financial statements.

## 2.3 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

**The principal accounting policies adopted are set out below:**

### 2.4 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash.

### 2.5 Investments

All investments are initially recognised at cost being the fair value of the consideration given including transaction cost associated with investment excluding that pertaining to held-for-trading securities which are charged to income statement.

The management of the Fund determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, held-to-maturity or available-for-sale.

#### **Investments at fair value through profit or loss - held-for-trading**

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss held-for-trading". Subsequent to initial recognition these are re-measured at fair value with reference to quoted market price and the resultant gain or loss on remeasurement of value of investment is recognised in the income statement.

#### **Held-to-maturity**

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity and are subsequently measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts.

#### **Available-for-sale**

Other investments are classified as "available-for-sale". Subsequent to initial recognition, these are remeasured at fair value with reference to quoted rates and the resultant gain or loss is recognised directly in unit holders' fund until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in unit holders' fund is taken to the income statement.

#### **- Debt securities**

A debt security whether traded or not shall be valued at the rate, notified by the Mutual Funds Association of Pakistan (MUFAP) based on the methodology prescribed by the SECP.

#### **- Government securities**

Government securities not listed on stock exchange and traded in inter bank market shall be valued at a average rate quoted on widely used electronic quotation system and such average rate shall be based on the remaining tenure of the security.

All regular purchases / sales of investments are recognised on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations. i.e. 'T+2'.

Financial assets are derecognised when rights to receive cash flows from the financial assets have expired or where the Fund has transferred substantially all risks and rewards of ownership.

### 2.6 Payables and accruals

Payables and accruals are carried at cost which is the fair value of consideration to be paid in the future for the services received whether billed or not to the Fund.

## 2.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

## 2.8 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund loses control of the contractual rights that comprises that financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

At the time of initial recognition, all financial assets and financial liabilities are measured at fair value. All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contract. The particular recognition method adopted for measurement of financial assets and financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

## 2.9 Impairment of financial assets

An assessment is made at each statement of assets and liabilities date to determine whether there is objective evidence that a specific financial asset may be impaired. If any such evidence exists, impairment loss is recognised in the income statement. For available-for-sale equity investments reversal of impairment losses are recorded as increases in cumulative changes in fair value through unit holders' fund. In addition, a provision is made to cover impairment for specific groups of assets where there is a measurable decrease in estimated future cash flows.

## 2.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 2.11 Issue and redemption of units

Units are issued at the offer price determined at the close of business when funds in respect of issue of units are realised. The offer price represents the net asset value of units at the close of the business day plus the allowable sales load. The sales load is payable to the distribution company and the management company as processing fee. Issue of units is recorded upon realisation of related funds.

Units redeemed are recorded at the redemption price prevalent at the end of the day in which the units are redeemed. The redemption price represents the net assets value at the end of the business day. Redemption of units is recorded on acceptance of application for redemption.

## 2.12 Element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed - net

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalization account called element of income / (loss) and capital gains (losses) in prices of units issued less those in units redeemed - net is created.

The "element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed - net" account is credited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income

/(loss) and capital gains / (losses) in prices of units issued less those in units redeemed - net" account is debited with the amount representing net income / (loss) and capital gains / (losses) accounted for in the last announced net asset value and included in the redemption price.

The "element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed - net" during an accounting period is transferred to the income statement.

### **2.13 Revenue recognition**

Gain or loss on sale of marketable securities is accounted for in the income statement in the period in which it arises.

Dividend income is recorded at the time of the closure of share transfer book of the company declaring the dividend. Dividend received on marketable securities acquired after the announcement of dividend till the book closure date is not taken to income but reflected as reduction in the cost of investment.

Mark-up / return on Sukuk bonds and bank balances is recognised on a time proportion basis.

### **2.14 Transactions costs**

Transaction costs are incurred to acquire financial assets and financial liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers.

### **2.15 Transactions with connected persons**

'Transactions between the Fund and its "connected persons", as defined in the Regulations and the Rules, are carried out on an arm's length basis and are disclosed in note 13 to these financial statements.

### **2.16 Dividend and distributions**

Cash dividend and distribution of bonus units is recognised upon declaration and approval by the Board of Directors of the management company.

### **2.17 Zakat**

Units held by resident Pakistani unit holders shall be subject to Zakat at 2.5% of the par value of units or the redemption amount whichever is lower, under Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted under the said Ordinance. Zakat is deducted at source from the dividend amount or from the redemption payment.

### **2.18 Taxation**

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the unit holders.

### **2.19 Accounting estimates and judgements**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) classification of investments (Note 2.5)
- (b) provisions (Note 2.7)
- (c) impairment (Note 2.9)

3. INVESTMENTS	Note	2009 Rupees	2008 Rupees
Investments at fair value through profit or loss - held-for-trading			
Quoted equity securities	3.1	246,977,480	748,107,821
<b>Available-for-sale</b>			
Quoted debt securities	3.2	22,414,925	-
		269,392,405	748,107,821

No. of shares / certificates					Holdings at the end of the year	Carrying / market value (Rupees)	% of total investment
Holdings at the beginning of the year	Acquired during the year	Bonus / right received during the year	Disposed during the year	-			

### 3.1 Quoted equity securities \*

\* Fully paid ordinary shares / certificates have a face value of Rs. 10/- each unless stated otherwise.

#### Sectors / Companies

##### Banks

Bank Islami Pakistan Limited (related party) - note 3.1.1	7,475,000	221,000	-	2,454,000	5,242,000	33,391,540	12.40
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##### Textile Composite

Nishat Mills Limited	300,000	1,319,000	299,750	1,019,500	899,250	34,009,635	12.62
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##### Cement

Lucky Cement Limited	-	750,000	-	100,000	650,000	38,044,500	14.12
D.G.Khan Cement Company Limited	-	587,000	-	587,000	-	-	-
						38,044,500	14.12

##### Refinery

Attock Refinery Limited	-	5,000	-	5,000	-	-	-
National Refinery Limited	47,200	-	-	47,200	-	-	-
						-	-

##### Power Generation & Distribution

The Hub Power Company Limited	1,053,000	345,500	-	1,037,000	361,500	9,793,035	3.64
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##### Oil & Gas Marketing Companies

Pakistan State Oil Company Limited	285,800	160,000	-	285,800	160,000	34,184,000	12.69
Attock Petroleum Limited	35,000	14,900	7,980	57,880	-	-	-
						34,184,000	12.69

##### Oil & Gas Exploration Companies

Oil & Gas Development Company Limited	325,000	202,500	-	325,000	202,500	15,924,600	5.91
Pakistan Oilfields Limited (related party) - note 3.1.2	261,000	145,000	44,000	215,000	235,000	34,286,500	12.73
Pakistan Petroleum Limited	440,000	50,500	12,450	502,950	-	-	-
						50,211,100	18.64

##### Automobile Assembler

Honda Atlas Cars (Pakistan) Limited	622,000	-	-	172,000	450,000	5,782,500	2.15
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##### Automobile Parts & Accessories

Baluchistan Wheels Limited	146,300	-	-	-	146,300	4,096,400	1.52
Agriauto Industries Limited (face value of Rs. 5 per share)	142,100	-	28,420	150,200	20,320	663,245	0.25
						4,759,645	1.77

## UTP - Islamic Fund

	No. of shares / certificates				Holdings at the end of the year	Carrying / market value (Rupees)	% of total investments
	Holdings at the beginning of the year	Acquired during the year	Bonus / right received during the year	Disposed during the year			
<b>Technology and Communication</b>							
Eye Television Network Limited (related party)	-	60,000	-	-	60,000	1,725,000	0.64
TRG Pakistan Limited	4,000,000	-	-	4,000,000	-	-	-
						1,725,000	0.64
<b>Fertilizer</b>							
Engro Chemical Pakistan Limited	409,515	-	-	409,515	-	-	-
Fauji Fertilizers Company Limited	-	41,000	-	41,000	-	-	-
Fauji Fertilizers Bin Qasim Limited	150,000	-	-	150,000	-	-	-
						-	-
<b>Chemicals</b>							
ICI Pakistan Limited	-	250,100	-	-	250,100	35,076,525	13.02
<b>Paper and Board</b>							
Packages Limited	60	-	-	60	-	-	-
Market value as at June 30, 2009						246,977,480	91.68
Cost as at June 30, 2009						353,885,684	

3.1.1 This includes 850,000 shares amounting to Rs. 5,414,500 pledged with National Clearing Company of Pakistan Limited against exposure calls.

3.1.2 This includes 111,500 shares amounting to Rs. 16,267,850 pledged with National Clearing Company of Pakistan Limited against exposure calls.

	No. of holdings				Carrying / market value (Rupees)	% of total investment
	beginning of the year	Acquired during the year	Disposed during the year	Holdings at the end of the year		
<b>3.2 Quoted debt securities</b>						
- Pak American Fertilizers Limited - Sukuk (related party)	-	5,000	-	5,000	22,414,925	8.32
Cost as at June 30, 2009					21,455,000	

	Note	2009 Rupees	2008 Rupees
<b>4. BANK BALANCES</b>			
On savings accounts - approved by Shariah Supervisory Council	4.1	<b>70,015,808</b>	82,582,245
On current accounts	4.2	<b>2,319,651</b>	1,458,712
		<b>72,335,459</b>	84,040,957

**4.1** In savings accounts, the Fund earned return at rates ranging from 2.5% to 12.00% (2008: 2.0% to 8.5%) per annum.

**4.2** This includes balance of Rs. 1,150,647 (2008: Rs. 1,159,696) with JS Bank Limited (related party).

	Note	2009 Rupees	2008 Rupees
<b>5. DIVIDEND AND OTHER RECEIVABLES</b>			
Receivable against sale of marketable securities		<b>6,366,862</b>	-
Dividend		<b>405,000</b>	4,620,000
Return on bank deposits	4.1	<b>4,490</b>	625,610
Profit receivable on debt securities		<b>1,668,331</b>	-
Prepaid listing fee		<b>15,000</b>	30,000
Advance tax		<b>6,597</b>	6,597
		<b>8,466,280</b>	5,282,207

<b>6. SECURITY DEPOSITS</b>			
- Central Depository Company of Pakistan Limited		<b>100,000</b>	100,000
- National Clearing Company of Pakistan Limited		<b>2,500,000</b>	2,500,000
		<b>2,600,000</b>	2,600,000

<b>7. ACCRUED AND OTHER LIABILITIES</b>			
Payable against purchase of marketable securities		<b>3,751,823</b>	42,471,393
Sales load	7.1	<b>5,828</b>	756,579
Settlement charges		<b>1,000</b>	10,000
Auditor's remuneration		<b>290,000</b>	340,000
Zakat		<b>30,056</b>	32,925
Others		<b>1,274,988</b>	935,208
		<b>5,353,695</b>	44,546,105

**7.1** This includes Rs. 2,622 (2008: Rs. 216,273) payable to management company for acting as distribution company for the Fund.



### 8. REMUNERATION TO THE MANAGEMENT COMPANY

Under the provisions of the Regulations and the Rules, the management company is entitled to a remuneration for services rendered to the Fund, upto a maximum of 3% per annum based on the daily net assets of the Fund during the first five years of the Fund's existence, and thereafter, of an amount equal to 2% of such assets of the Fund. Management company charged remuneration at the rate of 2% per annum based on the daily net assets of the Fund during the year ended June 30, 2009.

### 9. REMUNERATION TO THE TRUSTEE

Central Depository Company (CDC) (the Trustee) is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the trust deed, the Regulations and the Rules as follows:

- up to rupees one billion                      maximum of 0.2% per annum of the daily net assets of the Fund or 0.7 million, whichever is higher.
- exceeding rupees one billion              Rs. 2 million plus 0.1% per annum of the daily net assets of the Fund exceeding rupees one billion.

### 10. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee of one tenth of one percent of average annual net assets till November 20, 2008, thereafter at one tenth of 0.95% of average annual net assets.

### 11. AUDITORS' REMUNERATION

	2009 Rupees	2008 Rupees
Annual audit fee	200,000	200,000
Half yearly review	110,000	110,000
Other certifications	90,000	160,000
Out of pocket expenses	15,000	20,700
	<b>415,000</b>	<b>490,700</b>

### 12. TAXATION

Fund is exempt from tax under clause 99 of part 1 of Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders.

### 13. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons comprises of management company, Jahangir Siddiqui & Company Limited being the holding company of the management company, JS Global Capital Limited being associated company of the holding company of the management company, JS Bank Limited being subsidiary of the holding company of the management company, JS ABAMCO Commodities Limited being subsidiary of the management company and JS Principal Secure Fund I, JS Large Cap. Fund (Formerly UTP - Large Cap. Fund), JS Value Fund Limited, Unit Trust of Pakistan, JS Income Fund, JS Aggressive Asset Allocation Fund, JS Fund of Funds, UTP - A 30 + Fund, JS Capital Protected Fund, JS Capital Protected Fund II, JS Aggressive Income Fund, JS Capital Protected Fund III, JS Capital Protected Fund IV, JS Pension Savings Fund, JS Islamic Pension Savings Fund and JS Growth Fund being funds under the common management.

Transactions with related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with market rates.

	Note	2009 Rupees	2008 Rupees
<b>JS Investments Limited</b>			
Remuneration to the management company		<b>8,758,273</b>	22,279,646
Sales load		<b>44,029</b>	1,623,289
Issue of units		-	50,000,000
Redemption of units		-	51,942,460
<b>JS Global Capital Limited</b>			
Brokerage fee paid	13.1	<b>284,159</b>	1,183,260
<b>JS Fund of Funds</b>			
Issue of units		-	73,409,533
Redemption of units		<b>7,013,330</b>	81,881,263
Bonus units		-	3,664,489
<b>Pakistan Oil Field Limited</b>			
Dividend received		<b>5,120,000</b>	-
<b>Eye Television Network</b>			
Dividend received		<b>2,500</b>	-

**13.1** This represents the amount of brokerage paid to the related party and not the purchase or sale value of securities transacted through them as the ultimate counter-parties in respect of purchase and sales are not related.

#### 14. NON SHARIAH COMPLIANT INCOME

According to the instructions of the Shariah Supervisory Council, if any income is earned by the Fund from investments whereby a portion of income of such investees has been derived from prohibited sources, such proportion of income of the Fund should be donated for charitable purposes.

During the current year the non shariah compliant income amounting to Rs. 214,434 (2008: 729,166) had been deducted from the dividend income of the Fund. This prohibited income will be distributed for charity with the approval of Shariah Supervisory Council.

#### 15. FINANCIAL RISK MANAGEMENT POLICIES

##### Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

The management of risk is carried out by the Fund Manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as markup-rate risk, credit risk, market risk and the investment of excess liquidity etc.

The Fund uses different methods to measure and manage the various types of risks to which it is exposed, these are summarised below;

### 15.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, mark-up rate risk and currency risk.

#### i. Price risk

Price risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. This risk arises from the investments held by the Fund for which prices are uncertain in future. The management company manages its price risk by monitoring exposure on marketable securities by following the internal guidelines of the Investment Committee and the Regulations laid down by the SECP.

The majority of the Fund's equity investments are publicly traded on stock exchange. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed periodically by the Investment Committee. Compliance with the Fund's investment policies are reported to the management company on regular basis.

As at June 30, 2009, the fair value of equity securities exposed to price risk were as follow:

	<u>2009</u>	<u>2008</u>
	<b>Rupees</b>	Rupees
Equity investments - held-for-trading	<b><u>246,977,480</u></b>	<u>748,107,821</u>

In case of 10% increase / decrease in Stock exchange 100 index on June 30, 2009, income / (loss) for the period would be affected by Rs 15.054 million as a result of gains / (losses) on equity securities classified at fair value through profit or loss.

The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

#### ii. Yield / mark-up rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches or gaps in the amounts of yield / mark-up based on assets and liabilities that mature or reprice in a given period. The management company through investment committee monitors the Fund's overall mark-up rate sensitivity on periodic basis. The Fund holds a limited amount of floating rate debt, that expose the Fund to cash flow mark-up rate risk.

<b>As at June 30, 2009</b>	<b>Floating / mark-up rate</b>	<b>Fixed / mark-up rate</b>	<b>Non mark-up bearing</b>	<b>Total</b>
	<b>Rupees</b>			
Investments at fair value through profit or loss - held-for-trading	-	-	246,977,480	246,977,480
Sukuk bonds	22,414,925	-	-	22,414,925
Bank balances	70,015,808	-	2,319,651	72,335,459
Dividends and other receivables	-	-	8,466,280	8,466,280
Security deposits	-	-	2,600,000	2,600,000
	<b>92,430,733</b>	<b>-</b>	<b>260,363,411</b>	<b>352,794,144</b>
<b>As at June 30, 2008</b>				
Investments at fair value through profit or loss - held-for-trading	-	-	748,107,821	748,107,821
Sukuk bonds	-	-	-	-
Bank balances	82,582,245	-	1,458,712	84,040,957
Dividends and other receivables	-	-	5,282,207	5,282,207
Security deposits	-	-	2,600,000	2,600,000
	<b>82,582,245</b>	<b>-</b>	<b>757,448,740</b>	<b>840,030,985</b>

### Yield / Mark-up rate sensitivity

The sensitivity analysis demonstrates the sensitivity of the Fund's income and equity for the year to a reasonably possible change in mark-up rates, with all other variables held constant.

The sensitivity of the Fund's income for the year is the effect of the assumed change in mark-up rates on the net income for the year, based on the floating rate financial assets held at the statement of assets and liabilities date.

If the mark-up rate would have been higher or lower by 50 basis points and all the other variables remain constant, the Fund's income would increase / decrease by Rs. 575,079 for the year ended June 30, 2009. This is attributable to the Fund's exposure to mark-up rates on its floating rate bank balances and securities.

Management is of the view that the above sensitivity analysis are not representative of the year as a whole, since the level of exposure changes frequently as part of the mark-up rate risk management process used to meet the Fund's objectives.

### iii. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

## 15.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments or counter parties, in case of reverse repurchase transactions or other arrangements, to fulfil their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee.

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at June 30, 2009 is as follows;

	June 30, 2009		June 30, 2008	
	Statement of assets and liabilities	Maximum Exposure	Statement of assets and liabilities	Maximum Exposure
	<b>Rupees</b>			
Investments	<b>269,392,405</b>	<b>22,414,925</b>	748,107,821	-
Bank balances	<b>72,335,459</b>	<b>72,335,459</b>	84,040,957	84,040,957
Dividends and other receivables	<b>8,466,280</b>	<b>8,444,683</b>	5,282,207	5,245,610
Security deposits	<b>2,600,000</b>	<b>2,600,000</b>	2,600,000	2,600,000
	<b>352,794,144</b>	<b>105,795,067</b>	840,030,985	91,886,567

As per management view the credit risk arising on the investments is accounted as follows;

Where the investment committee makes an investment decision, the credit worthiness of the issuer is taken into account along with the financial background, past experience and other factors so as to minimise the risk of default.

Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account and monitored by the investment committee as per the NBFC and Notified Entities Regulations, 2008, so as to minimise the risk of default.

The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports. In addition, the investment Committee allows investment in debt securities of only those entities with credit rating approved by external credit rating agencies.

Cash is held only with reputable banks with high quality credit ratings assigned by approved credit rating agencies.

None of the Fund's financial assets are past due or impaired.

### 15.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial liabilities which stood at Rs. 6,423,300 as at June 30, 2009. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net assets value per unit at the time of redemption calculated in accordance with the Fund constitutive documents.

The management company manages liquidity risk by following internal guidelines of the Investment Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short-term in nature and most of the assets of the Fund are readily disposable on the stock exchanges.

The following are the contractual maturities of financial liabilities:

	Less than 1 month .....Rupees	Between 1 and 12 months ..	More than 1 year	Total
<b>As at June 30, 2009</b>				
Remuneration payable to the management company	568,685	-	-	568,685
Remuneration payable to the trustee	57,605	-	-	57,605
Annual fee payable to Securities and Exchange - Commission of Pakistan	-	431,782	-	431,782
Accrued and other liabilities	5,353,695	-	-	5,353,695
Amount payable on redemption of units	-	-	-	-
Unclaimed dividend	11,533	-	-	11,533
	5,991,518	431,782	-	6,423,300
<b>As at June 30, 2008</b>				
Remuneration payable to the management company	1,323,239	-	-	1,323,239
Remuneration payable to the trustee	132,227	-	-	132,227
Annual fee payable to Securities and Exchange - Commission of Pakistan	-	893,303	-	893,303
Accrued and other liabilities	44,546,105	-	-	44,546,105
Amount payable on redemption of units	161,724	-	-	161,724
Unclaimed dividend	11,533	-	-	11,533
	46,174,828	893,303	-	47,068,131

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

## 17. UNIT HOLDERS' FUND MANAGEMENT

Redeemable units are represented as capital of the Fund. Unit holders are entitled to dividends and to payments of proportionate share based on the Fund's net assets value per unit on the redemption date.

The Fund has no restrictions or specific requirements on the subscription and redemption of units.

UTP - Islamic Fund is an open end fund. The Fund's objectives when managing unit holder's fund is to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the Regulations the Fund is required to distribute at least ninety percent of its income from sources other than capital gains as reduced by such expenses as are chargeable to the Fund.

### 18. OTHER SUPPLEMENTARY INFORMATION

The information regarding unit holding pattern of the Fund, transactions with top ten brokers, details of the members of the Investment Committee, particulars of the Fund Manager, details of meetings of the Board of Directors of the management company and the Fund and asset manager rating have been disclosed in Annexure I to the financial statements.

### 19. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of management company on 21 August, 2009.

### 20. GENERAL

Figures have been rounded off to the nearest Rupee.

**For JS Investments Limited**  
(Management Company)

**Muhammad Najam Ali**  
Chief Executive Officer

**Munawar Alam Siddiqui**  
Chairman

**Ali Raza Siddiqui**  
Director

**OTHER SUPPLEMENTARY INFORMATION  
AS REQUIRED UNDER CLAUSES 6(D), (F), (G), (H), (I) AND (J)  
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

**(i) UNIT HOLDING PATTERN OF THE FUND**

Category	2009			2008		
	Number of unit holders	Number of units held	% of total	Number of unit holders	Number of units held	% of total
Individuals	701	317,254	27.26	804	449,113	29.58
Associated Companies / Directors	1	40,927	3.52	2	59,678	3.93
Banks / DFIs	1	159,061	13.67	2	174,428	11.49
NBFCs	1	30,290	2.60	-	-	-
Retirement Funds	61	571,931	49.15	70	593,316	39.08
Public Limited Companies	-	-	-	2	27,998	1.84
Others	11	44,248	3.80	17	213,833	14.08
	<b>776</b>	<b>1,163,711</b>	<b>100.00</b>	<b>897</b>	<b>1,518,365</b>	<b>100.00</b>

**(ii) LIST OF TOP BROKERS BY PERCENT OF THE COMMISSION PAID**

Name of broker	2009 Percentage of commission paid
Crosby Securities Limited	26.60
JS Global Capital Limited	18.95
Investment Managers Securities (Pvt) Limited	9.82
Arif Habib Securities Limited	8.64
Al Habib Securities Limited	4.94
Fortune Securities (Pvt) Limited	4.77
KASB Securities Limited	4.46
BMA Capital Management Limited	4.42
Invisor Securities (Pvt) Limited	4.34
Aziz Fida Hussain Limited	3.79
Name of Brokers	2008 Percentage of commission paid
JS Global Capital Limited	11.12
Global Securities Pakistan Limited	10.44
AAG Securities (Pvt) Limited	8.11
Fortune Securities (Pvt) Limited	8.10
AKD Investment Management Limited	7.87
Invisor Securities (Pvt) Limited	7.05
Darson Securities (Pvt) Limited	5.66
Investment Managers Securities (Pvt) Limited	5.19
Foundation Securities (Pvt) Limited	4.92
Orix Investment Bank Limited	4.65



### (iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Muhammad Najam Ali  
Mr. Ali Raza Siddiqui  
Syed Ather Ahmed

#### **MR. MUHAMMAD NAJAM ALI**

Mr. Najam Ali joined JS Investments Limited as Chief Executive Officer in 2004. Prior to his appointment, he was the Executive Director and Head of the Non-Banking Finance Companies Department at the Securities & Exchange Commission of Pakistan (SECP) where he was involved in regulation, monitoring and enforcement for mutual funds, leasing, housing finance, investment banking, venture capital and discounting companies.

Prior to his appointment to the SECP, he served for seven years as the founding CEO of the Central Depository Company (CDC) which is Pakistan's only share depository established by Citigroup, IFC and Pakistan's stock exchanges. While at CDC, he also led the development of the National Clearing and Settlement System, which is the centralised clearing system in Pakistan for all the stock exchanges. The success of these projects has laid the foundation of a world class capital market infrastructure that has made it possible to settle enormous trading volumes witnessed in the recent years. It was due to his leadership role in Pakistan's Capital Market that has earned high praise and recognition at the national level. The Money Magazine has included his name in the list of Top Ten Capital Market Builders in Pakistan.

He has worked in various positions at the Fidelity Investment Banking including Group Financial Controller and Head of Money and Capital Markets at Fidelity Investment Bank. He has also worked with Robson Rhodes, Chartered Accountants, a member firm of the RSM Group in the UK.

He serves on the Boards of Directors of Pakistan Oilfields Limited and has also previously been a director of the National Clearing Company of Pakistan Limited and the Karachi Stock Exchange (Guarantee) Limited. He is also the Chairman of Mutual Funds Association of Pakistan.

Mr. Najam Ali holds a Bachelors degree in Economics from the University of Michigan, Ann Arbor, USA. He is a qualified Chartered Accountant and holds memberships of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Ontario, Canada. He has also qualified as a Certified Public Accountant (CPA) in USA.

#### **MR. ALI RAZA SIDDIQUI**

Mr. Siddiqui has recently been appointed as the Chief Investment Officer in January, besides his role as an Executive Director at JS Investments Limited, which he has been associated with since 2005. Currently he is managing JS AAA Fund, JS Value Fund and JS Aggressive Income Fund. Previously, he was Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of AMVESCAP plc.

At AIM, Mr. Siddiqui was part of a 5-person team responsible for the management of USD 60 billion in mutual fund assets. These included the AMVESCAP Global Portfolios (USD 4+ billion), Brown Brothers Investment Trust (USD 1+ billion) and STIT Treasury Portfolio (USD 10+ billion).

Mr. Siddiqui holds a Bachelors Degree from Cornell University, USA, with double majors in Economics and Government.

### SYED ATHER AHMED

Mr. Ahmed joined JS Investments Limited in May 2007 and is presently looking after Investment Advisory, Products & International Business Development, Marketing, Investor Relations and Investment Finance activities of the Company. Prior to joining JSIL, Mr. Ahmed was associated with Standard Chartered Bank for almost 11 years. His last assignment with Standard Chartered was in the capacity of Director & Head of Transaction Banking, Pakistan. Prior to this, he also worked as Corporate Head of Lahore for Standard Chartered Bank.

Mr. Ahmed earned his MSc. in Accounting & Finance from London School of Economics, UK, in addition to MBA degree from Lahore University of Management Sciences.

#### (iv) PARTICULARS OF THE FUND MANAGER

##### MS. SUKAINA SANGJI

Ms. Sukaina Sangji earned her BBA (Finance & Accounting) from University of Michigan Ross School of Business in 2006. Prior to joining JS Investment's research team in February 2008, she worked at Credit Suisse Securities in New York (USA) as an Equity Research Analyst, covering the Biotechnology sector for a year and a half. At JSIL, she covered the E&P, OMC and Refinery sectors for six months after which she was made a fund manager in August 2008. Currently, she is looking after Unit Trust of Pakistan (UTP) Fund, UTP Islamic Fund and PSF I.

#### (v) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following is the analysis of the attendance in the meetings of the Board of Directors of the management company during the year:

Name of Directors	Meetings Attended	Meetings held on					
		July 09, 2008	September 15, 2008	October 06, 2008	October 24, 2008	February 26, 2009	April 22, 2009
Mr. Munawar Alam Siddiqui	6	1	1	1	1	1	1
Mr. Muhammad Najam Ali	6	1	1	1	1	1	1
Mr. Ali Raza Siddiqui	5	-	1	1	1	1	1
Mr. Nazar Muhammad Shaikh	6	1	1	1	1	1	1
Lt. General (Retd.) Masood Parwaiz	4	1	-	1	1	1	-
Mr. Sadeq Sayeed	1	-	-	-	-	1	-
Mr. Siraj A. Dadabhoy	-	-	-	-	-	-	-
<b>Members attended</b>		<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>4</b>

#### (vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency (PACRA) has assigned a rating of 4-star (normal) for year ending June 2007. For the year ending June 2008, the fund rating methodology is presently under discussion between the company and PACRA. Furthermore the Mutual Fund Association of Pakistan (MUFAP) is also in consultation with the country's two rating agencies and SECP in terms of having a consistent and uniform rating methodology for mutual funds. Updated fund rating will be announced once a conclusion is reached on rating methodology of mutual funds.

PACRA has awarded an "AM2+" asset manager rating to JS Investments Limited. The rating denotes the company's very strong capacity to manage the risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks.



**JS Investments Limited**

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