



JS Fund of Funds

Annual Report 2010



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In July 2010, the Board of Directors of JS Investments Limited adopted the sustainable growth initiative "JSIL 2010 Onwards ~"proposed by the newly appointed CEO. The revised Vision, Mission, and Statement of Broad Policy Objectives of JS Investments form the bedrock of "JSIL 2010 Onwards ~" and have been framed after a thorough S.W.O.T. Analysis of the Company and assessment of the Macro-economic and Financial Market Trends.

VISION

To be recognized as a responsible asset manager respected for continually realizing goals of its investors.

MISSION

To build JS Investments into a top ranking Asset Management Company; founded on sound values; powered by refined knowhow; supported by a committed team operating within an accountable framework of social, ethical and corporate responsibility – a strong and reliable institution for its shareholders to own; an efficient service provider and value creator for clients; an exciting and fulfilling work place for employees; and a participant worth reckoning for competitors.

BROAD POLICY OBJECTIVES

- Value creation for clients on a sustainable basis
- Maintain high standards of ethical behaviors and fiduciary responsibility
- Manage Investments with Prudence and with the aim of providing consistent returns better than that of peers
- Take Products and Services to the People; Create awareness on understanding financial goals, risks and rewards
- Professional Excellence – Adapt, Evolve and Continuously Improve
- Maintain highly effective controls through strong compliance and risk management
- A talented, diligent and diverse HR

ORGANIZATION

Management Company

JS Investments Limited
7th Floor, The Forum, G-20
Khayaban-e-Jami, Block-9, Clifton
Karachi-75600
Tel: (92-21) 111-222-626 Fax: (92-21) 35361724
E-mail: info@jsil.com
Website: www.jsil.com

Board of Directors

Munawar Alam Siddiqui	Chairman
Rashid Mansur	Chief Executive Officer
Suleman Lalani	
Nazar Mohammad Shaikh	
Fayaz Anwar	
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) 34326040

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
1st Floor, Shaikh Sultan Trust Building # 2
Beaumont Road,
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) 34391316-7
Fax: (92-21) 34391318

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited, the Management Company of JS Fund of Funds (the Fund), is pleased to present the Annual Report for the year ended June 30, 2010.

Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE-30 Index surged 26.22% to close the FY10 at 9,556 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest yet fragile economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations – a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

Review of Fund Performance

The Fund posted a return of 13.99% against a benchmark return of 21.18%, underperforming the benchmark by 7.19%.

The Fund earned net income of Rs. 97.424 million during the year ended June 30, 2010, including unrealized loss on investment of Rs. 2.483 million. The net assets of the Fund increased by 16.67 percent from Rs. 717.400 million to Rs. 837.021 million during the year under review. The net assets value as on June 30, 2010 was Rs. 87.03 per unit compared to beginning net assets value of Rs. 76.35 per unit showing an increase of 13.99 percent.

The Board of Directors of the Management Company, on July 7, 2010, has declared a stock dividend of Rs. 9.20 per unit or 12.05% of the beginning net asset value per unit of Rs. 76.35. An investor holding 100 units as on June 30, 2010 will receive 11.82 units on ex-stock dividend price of Rs. 77.83 per unit. As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under Clause 99 of Part I of the Second Schedule of Income Tax Ordinance, 2001.

Fund and Asset Manager Rating

The matter of mutual funds performance ratings by a rating agency is presently under discussion between MUFAP, SECP and the country's two rating agencies. Updated Fund rating will be announced by the Management Company once a conclusion is reached on the same.

The asset manager rating for JS Investments Limited is in progress and has not yet been announced by JCR – VIS Credit Rating Co. Limited. The asset manager rating for JS Investments Limited last announced by PACRA was "AM2". The said rating was subsequently withdrawn by PACRA on March 16, 2010 pursuant to JS Investments' decision to discontinue its rating relationship with PACRA with immediate effect.

Future Outlook

Mr. Rashid Mansur was appointed as the new Chief Executive Officer of your Management Company w.e.f April 01, 2010. The incoming CEO carried out a detailed SWOT Analysis of your Management Company and the Funds based on assessment of the prevailing Macroeconomic and Financial Market trends as well as their impact on the mutual fund industry, generally, and on your Management Company, specifically. Based on this, the CEO reviewed and revised the Vision, Mission, and Statement of Broad Policy Objectives of your Management Company to reposition it towards sustainable growth – This initiative has been branded as, "JSIL 2010 Onwards ~".

The CEO also reassessed the Organizational Structure and initiated certain desired changes to enhance the operational efficiency of your Management Company. These include creation of a separate and independent Risk Management, Research and Market Intelligence department; defining and augmenting the role and responsibilities of Investment Committee and Fund Managers.

We believe that a progressive and proactive approach to business will enhance the Brand Visibility of your Management Company and its products, yielding higher returns for all stakeholders. At the same time a strong Prudential Risk Management would play fundamental role in working of your Management Company.

We understand that Pakistan is passing through a challenging time on the economic front, yet we are confident that your Management Company will continue to achieve sustainable growth based on business model that aims to thrive on efficiency, innovation and transparency.

Corporate Governance and Financial Reporting Framework

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 07 of this annual report.
- 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. No units were traded by the Chief Executive, directors and executives, their spouses and minor children during the financial year ended June 30, 2010.
- 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, 2010 was Rs. 15.978 million.

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.

Auditors

The external auditors of the Fund Messrs KPMG Taseer Hadi & Co., Chartered Accountants, have completed their term and therefore, retire from the office. The Audit Committee of the Board of the Management Company has recommended appointment of Messrs M. Yousof Adil Saleem & Co., Chartered Accountants, as the Fund's auditors for the ensuing year ending June 30, 2011.

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: August 17, 2010

Rashid Mansur
Chief Executive Officer

FUND MANAGER'S REPORT

Investment philosophy

JS FoF is a fund of funds that aims to grow investor's capital in the long term while diversifying the asset manager risk bundled together with the benefits of an asset allocation fund. The fund operates a diverse portfolio of equity, balanced, fixed income and money market funds (both open and closed ended) with the option to adjust the asset mix as equity markets rise or fall and the economy strengthens or weakens.

Key information

Fund type	Open end
Category	Asset Allocation Fund of Funds
Fund launch date	31 October, 2005
Net Assets (PKR mn)	837.02
Management fee	1.00%
Trustee	Central Depository Company of Pakistan Ltd.
Auditor	KPMG Taseer Hadi & Co.
Risk profile	Medium
Listing	Lahore Stock Exchange
Benchmark	Average rate of return of Asset Allocation funds.

Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE 100 Index surged 36% to close the FY10 at 9721 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest –yet fragile– economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's trickle down impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations –a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

Fund vs Benchmark Comparison

	1M	1Y	2Y	3Y	Launch
Fund	2.65	13.99	-15.40	-6.50	16.39
Benchmark	1.11	21.18	-18.37	-25.40	5.04
Difference	1.54	-7.19	2.97	18.90	11.35

Distribution for the Year Ended June 30, 2009

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

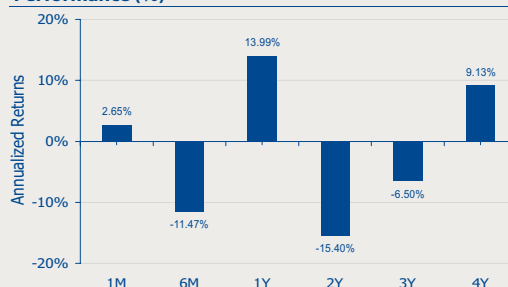
Distribution for the Year Ended June 30, 2010

Stock dividend of Rs. 9.20 per unit was announced for JS Fund of funds.

Effects on the NAV after Distribution

NAV per unit as on June 30, 2010	
Cum NAV (PKR)	87.03
Ex-NAV (PKR)	77.83

Performance (%)



Asset allocation (%)

	Jun-10
Open-end	58.30
Close-end	28.68
Cash	12.81
Other including receivables	0.21
Total	100.00

Statistical analysis

	Fund	Benchmark
Beta	0.7	1.0
Standard Deviation	16.9%	20.2%
Largest Month Gain	12.8%	11.0%
Largest Month Loss	-13.7%	-25.1%
% Positive Months	64.9%	64.9%

Investment Committee Members

Mr. Rashid Mansur - Chief Executive Officer
 Mr. Suleman Lalani - Executive Director & CFO
 Dr. Ali Akhtar Ali - Fund Manager*

Split of Units

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

Effects on the NAV after Split

n/a

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.

* From June 2010 Dr. Ali Akhtar Ali has been appointed as Fund Manager after the resignation of Mr. Kashif Rafi.

Disclaimer : This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

PERFORMANCE TABLE / KEY FINANCIAL DATA

	2010	2009	2008	2007	2006
Net assets - Rupees in '000	837,021	717,400	1,241,056	144,880	192,365
Total realized income - Rupees in '000	75,116	7,504	198,310	25,022	29,303
Total unrealized loss in portfolio - Rupees in '000	(2,483)	(250,745)	(50,314)	(27)	(11,360)
Total expenses - Rupees in '000	11,668	10,706	6,841	3,606	3,617
Net income / (loss) - Rupees in '000	97,424	(253,947)	141,155	21,388	14,327
Total expense to net assets ratio (%)	1.39	1.49	0.55	2.49	1.88
Total dividend distribution - Rupees in '000	88,485	112,330	18,623	14,165	-
Accumulated capital growth - Rupees in '000	(213,256)	(222,195)	144,082	21,550	14,327
Outstanding Units					
Units in issue June 30th - Number	9,617,891	9,395,931	10,969,747	1,233,302	1,770,643
Data Per Unit					
Net assets value - Rupees	87.03	76.35	113.13	117.48	108.64
Net income / (loss) - Rupees	10.13	(27.03)	12.87	8.67	4.05
Stock / cash dividend - Rupees	9.20	-	10.24	15.10	8.00
Date of announcement of stock / cash dividend	July 7, 2010	July 7, 2009	July 9, 2008	July 7, 2007	July 8, 2006
Dividend as % of NAV at the beginning of the year	12.05	-	10.00	15.00	8.00
Selling price as at June 30 - Rupees	89.65	78.66	116.54	121.02	111.90
Repurchase price as at June 30 - Rupees	87.03	76.34	113.12	117.48	108.64
Highest issue price during the year - Rupees	107.20	104.31	122.76	119.84	130.66
Lowest issue price during the year - Rupees	79.68	71.09	99.66	98.94	101.88
Highest redemption price during the year - Rupees	104.07	101.27	119.18	117.48	128.08
Lowest redemption price during the year - Rupees	77.35	69.01	97.68	96.98	101.02

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.
- JS Fund of Funds was launched on October 31, 2005.
- Units have par value of Rs. 100/- 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 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 Fund of Funds ("the Fund") to comply with the listing regulations 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 Fund personnel and review of various documents prepared by the Fund to comply with the Code.

As part of our audit of 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 are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such controls, the Fund's corporate governance procedures and risks.

Further sub-regulation (xiii-a) of Listing Regulations 35 notified by the Lahore Stock Exchange (Guarantee) Limited requires the Fund to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether related party transactions were undertaken at arm's length price or not.

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 Fund for the year ended June 30, 2010.

Karachi: August 17, 2010

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

This Statement is being presented in compliance with the Code of Corporate Governance ('the Code') contained in the listing regulations of 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 (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. Presently, the Board of Directors (Directors) includes five non-executive directors.
2. The directors of the Management Company 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. During the year Mr. Muhammad Najam Ali, CEO, Mr. Ali Raza Siddiqui, Executive Director and Mr. Siraj Ahmed Dadabhoy, Director tendered their resignation and Mr. Rashid Mansur, CEO, Mr. Suleman Lalani, Executive Director and Mr. Fayaz Anwar, Director were appointed to fill the casual vacancies after obtaining prior approval from SECP.
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 Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. The Board of Directors is well aware of the requirements of the Code of Corporate Governance However arrangements will also be made shortly for an orientation session.
11. During the year, there was no change of Chief Financial Officer / Company Secretary. His remuneration and terms and conditions of employment have been approved by the Board. The Head of Internal Audit resigned on 11 June 2010 and the Management Company is in the process to fill the said vacancy.
12. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. 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.
14. 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.

JS Fund of Funds

15. The Management Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Fund.
16. The Board has formed an Audit Committee. It comprises of three non-executive directors.
17. The meetings of the Audit Committee 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.
18. The Board has set-up an effective internal audit function headed by the Head of Internal Audit and Compliance.
19. 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 shares of the Company 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Company except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi: August 17, 2010

Rashid Mansur
Chief Executive Officer

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 JS Fund of Funds (the Fund), an open-end fund was established under a trust deed dated April 19, 2005, executed between JS Investments Limited, as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2010 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 23, 2010

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

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of **JS Fund of Funds** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2010, and the income statement, statement of comprehensive income, distribution statement, statement of cash flows, statement of movement in Unit Holders' Fund for the year ended 30 June 2010 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the 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' judgment, 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 30 June 2010, and of its financial performance, cash flows and transactions for the year ended 30 June 2010 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 Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi: August 17, 2010

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyr Pirani



FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2010**

	Note	2010 (Rupees)	2009
Assets			
Bank balances	4	109,447,010	136,193,990
Investments	5	742,962,714	582,307,340
Receivable and prepayment	6	1,624,626	89,841
Security deposit	7	100,000	100,000
Deferred formation cost	8	25,208	225,208
Total assets		854,159,558	718,916,379
Liabilities			
Payable against redemption of units		13,718,185	-
Remuneration payable to the Management Company	9	36,998	355,821
Remuneration payable to the Trustee	10	138,941	118,534
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	871,800	799,496
Creditors, accrued and other liabilities	12	2,372,543	242,760
Total liabilities		17,138,467	1,516,611
Net assets		837,021,091	717,399,768
Unit holders' Fund (as per statement attached)		837,021,091	717,399,768
(Number)			
Number of units in issue	13	9,617,891	9,395,931
(Rupees)			
Net assets value per unit		87.03	76.35

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

JS Fund of Funds

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010	2009
		(Rupees)	
Income			
Net gain / (loss) on sale of held for trading investments in collective investment schemes		75,115,633	(104,970,133)
Dividend income		31,308,903	8,531,000
Return on bank balances / placements		5,084,628	57,007,681
Other income		801,850	119,698
Element of (loss) / income and capital (losses) / gains in prices of units sold less those in units redeemed - net		<u>(735,164)</u>	<u>47,232,342</u>
		111,575,850	7,920,588
Unrealised loss on held for trading investments - net		<u>(2,483,352)</u>	<u>(250,744,859)</u>
		109,092,498	(242,824,271)
Expenses			
Remuneration to the Management Company	9	4,696,426	5,475,147
Remuneration to the Trustee	10	1,832,743	1,640,561
Securities transaction cost		1,417,049	2,397,006
Bank and settlement charges		79,389	67,176
Auditors' remuneration	14	317,180	295,425
Annual fee to the Securities and Exchange Commission of Pakistan	11	871,799	799,496
Amortization of formation cost	8	200,000	200,000
Listing fee		42,500	25,000
Legal and professional charges		25,000	52,001
Workers welfare fund	12.1	1,988,250	-
Printing, stationary and postage		97,924	70,541
Mutual fund rating fee		100,000	100,000
		11,668,260	11,122,353
Net income / (loss) for the year		<u>97,424,238</u>	<u>(253,946,624)</u>

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	(Rupees)	
Net income / (loss) for the year	97,424,238	(253,946,624)
Other comprehensive income	-	-
Total comprehensive income	<u>97,424,238</u>	<u>(253,946,624)</u>

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the year	97,424,238	(253,946,624)
Adjustments for:		
Net (gain) / loss on sale of held for trading investments in collective investment schemes	(75,115,633)	104,970,133
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	735,164	(47,232,342)
Unrealised loss on held for trading investments - net	2,483,352	250,744,859
	25,527,121	54,536,026
<i>(Increase) / Decrease in assets</i>		
Receivables and prepayments	(1,534,785)	1,353,648
Security Deposits	-	1,000,000
Deferred formation cost	200,000	199,998
	(1,334,785)	2,553,646
Sale of held for trading investments	851,939,806	1,178,903,670
Purchase of held for trading investments	(939,962,899)	(1,094,882,023)
	(88,023,093)	84,021,647
<i>Increase / (decrease) in liabilities</i>		
Payable against redemption of units	13,718,185	-
Remuneration payable to the Management Company	(318,823)	(210,263)
Remuneration payable to the Trustee	20,407	(65,365)
Annual fee payable to Securities and Exchange Commission of Pakistan	72,304	414,607
Creditors, accrued and other liabilities	2,129,783	(10,685,465)
	15,621,856	(10,546,486)
Cash (used in) / generated from operating activities	(48,208,901)	130,564,833
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received on issue of units	257,167,330	472,249,992
Cash paid on redemption of units	(235,705,409)	(694,727,559)
Cash generated / (used in) from financing activities	21,461,921	(222,477,567)
(Decrease) / increase in cash and cash equivalents	(26,746,980)	(91,912,734)
Cash and cash equivalents at beginning of the year	136,193,990	228,106,724
Cash and cash equivalents at end of the year	109,447,010	136,193,990

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman



**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	(Rupees)	
Net assets as at beginning of the year	717,399,768	1,241,056,301
Cash received on issue of *2,650,199 units (2009: 7,481,085)	257,167,330	472,249,992
Cash paid on redemption of 2,428,239 units (2009: 9,054,240 units)	(235,705,409)	(694,727,559)
	21,461,921	(222,477,567)
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	735,164	(47,232,342)
Total comprehensive income	97,424,238	(253,946,624)
Net assets as at end of the year	837,021,091	717,399,768
Net assets value per unit at beginning of the year	76.35	113.13
Net assets value per unit at end of the year	87.03	76.35

* This includes Nil units (2009: 1,091,750 units) issued as bonus units.

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	(Rupees)	
Accumulated losses at beginning of the year - unrealised	(307,350,047)	(50,313,910)
Undistributed income at beginning of the year - realised	85,154,168	194,395,564
(Deficit) / undistributed income at beginning of the year	(222,195,879)	144,081,654
Final distribution for the year ended June 30 2009: Rs. Nil (2008: Rs. 10.24 per unit)	-	(112,330,209)
	(222,195,879)	31,751,445
Net income / (loss) for the year	97,424,238	(253,946,624)
Accumulated losses at end of the year - unrealised	(242,403,526)	(307,350,047)
Undistributed income at end of the year - realised	117,631,885	85,154,868
Accumulated losses at end of the year	(124,771,641)	(222,195,179)

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

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

JS Fund of Funds (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as an open-end unit trust scheme. The Fund is governed under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Fund was constituted under a Trust Deed, dated 19 April 2005, between JS Investments Limited as the Management Company, a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited as the Trustee, also incorporated under the Companies Ordinance, 1984. The Fund commenced its operations from October 2005. The fund is registered as notified entity under NBFC Regulations 2008 on 21 January 2009.

The Fund is an open end 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 also be redeemed by surrendering them to the Fund.

The Fund's primary activity is to invest in the leading equity, fixed income, money market and balanced funds, including funds managed by JS Investments Limited, and provide investors an opportunity to gain from the performance of these funds through one investment in the Fund.

The registered office of JS Investments Limited is situated at 7th Floor, The Forum, G-20 Khayaban-e-Jami, Block-9, Clifton, Karachi.

Title to the assets of the Fund is held in the name of Central Depository Company as a Trustee of the fund.

Under circular 7 of 2009 dated 6 March 2009 issued by the SECP, a Fund of fund is required to categorise itself and mention in its offering document its type with respect to the asset class, e.g. Equity Fund of funds, Income Fund of funds etc. The Fund has categorised itself as an Asset Allocation Fund of Funds by issuing second supplemental deed on 28 January 2010 for amendment in Trust Deed and has submitted the amended offering document to the SECP for approval purposes.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investments are measured at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan,

requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follow:

Investment stated at fair value

Management has determined fair value of certain investments by using quotation from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation etc.) and therefore cannot be determined with precision.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

Workers welfare fund

For details please refer note 12.1 to these financial statements.

2.5 Change in accounting policies

Presentation of financial statements

The Fund has adopted IAS - 1 Presentation of Financial Statements (Revised) which became effective during the year. The revised standard separates owner and non-owner changes in unit holders' fund. The statement of changes in unit holders' fund includes only details of transactions with owners, with non-owners changes in equity presented as a single line item in the statement of changes in unit holders' fund. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Fund has elected to present two statements.

Comparative information has been re-presented in conformity with the above revised IAS. The change in accounting policy only impacts presentation and disclosure aspects.

2.6 Other accounting developments

Disclosures pertaining to fair values for financial instrument

The Fund has applied Improving Disclosures about Financial Instruments (Amendments to IFRS 7), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Revised disclosures in respect of fair values of financial instruments are included in note 17.2.



2.7 Standards, interpretations and amendments effective for annual reporting periods beginning after 1 July 2009

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010. However, these are not relevant to the Fund except in few cases these may require additional disclosures:

Improvements to IFRSs 2009	Effective date
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
- Amendments to IFRS 8 Operating Segments	1 January 2010
- Amendments to IAS 1 Presentation of Financial Statements	1 January 2010
- Amendments to IAS 7 Statement of Cash Flows	1 January 2010
- Amendments to IAS 17 Leases	1 January 2010
- Amendments to IAS 36 Impairment of Assets	1 January 2010
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters	1 January 2010
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions	1 January 2010
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues	1 January 2010
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
Improvements to IFRSs 2010	
- Amendments to IFRS 3 Business Combinations	1 July 2010
- Amendments to IAS 27 Consolidated and Separate Financial Statements	1 July 2010
- IAS 24 Related Party Disclosures (revised 2009) These amendments will result in increase in disclosures in the Fund's financial statements.	1 January 2011
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction	1 January 2011
- Amendments to IFRS 1 First-time Adoption of IFRSs	1 January 2011
- Amendments to IFRS 7 Financial Instruments: Disclosures	1 January 2011
- Amendments to IAS 1 Presentation of Financial Statements	1 January 2011
- Amendments to IAS 34 Interim Financial Reporting	1 January 2011
- Amendments to IFRIC 13 Customer Loyalty Programmes	1 January 2011

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. There have been no changes in accounting policies except for the change mentioned in note 2.5.

3.1 Investments

All investments are initially recognised at cost, being the fair value of the consideration given.

The Fund currently maintains held for trading category of investments only. These represent investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking.

The transaction cost associated with the acquisition of these investments are charged off to the income statement.

After initial recognition, above investments are remeasured at fair value determined with reference to the quoted rates. In respect of investments in closed end funds, the quoted price is determined with reference to the rates quoted in the Stock Exchange at the close of business at the balance sheet date. In case of open end funds, these are determined with reference to the redemption / repurchase price per unit prevailing as at the balance sheet date (as declared by the respective funds). Gains or losses on investments on remeasurement of these investments are recognised in income.

All regular way purchases / sales of investments in closed end funds are recognised on the trade date, i.e., the date that the Fund commits to purchase / sell the investments. Regular way purchases or sales of investment in closed end funds require delivery of securities within two days after the transaction date as required by the Stock Exchange regulations.

3.2 Issue and redemption of units

Units are allocated at the offer price prevalent on the day on which applications for the purchase of units are received (however units are issued on realisation of cheques). The offer price represents the net assets value of units at the end of the day plus the allowable sales load. The sales load is payable to the Distribution Companies and the Management Company as processing fee.

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

3.3 Net assets value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year-end.

3.4 Revenue recognition

- Gain or loss on sale of mutual fund units / certificates is accounted for in the period in which it arises.
- Dividend income is recognized when the right to receive the dividend is established
- Return on bank balances are recognised at effective profit rates based on a time proportion basis.

3.5 Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed - net

An equalisation account called the element of income / (loss) and capital gains included in prices of units sold less those in units redeemed is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. This is recognised in the Income Statement currently.

3.6 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 income excluding realised and unrealised capital gains for the year is distributed amongst the unit holders.

3.7 Provisions

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

3.8 Deferred formation cost

This represents expenses incurred on the formation of the Fund. These are amortised over a period of five years starting from 16 August 2005 (the date of the receipt of initial investment in the Fund) as stated in the offering document of the Fund.

3.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income directly.

3.10 Offsetting of financial assets and 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 recognized amount and the fund intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.11 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

3.12 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances.

3.13 Other assets

Other assets are stated at cost less impairment losses, if any.

3.14 Dividend distribution

Dividend distributions are recorded in the period in which the distributions are approved.

4. BANK BALANCES		2010	2009
		(Rupees)	
In profit and loss sharing accounts	4.1	<u>109,447,010</u>	<u>136,193,990</u>

4.1 This includes bank balance of Rs. 5,377,304 (2009: Rs. 7,924,159) with JS Bank Limited (a related party) that carries profit at 9% per annum (2009: 11% per annum). Other profit and loss sharing accounts carry profit rates ranging from 5% to 12.75% (2009: 5% to 12.75%) per annum.

JS Fund of Funds

5. INVESTMENTS at fair value through profit or loss - held for trading

Closed end mutual funds - quoted	5.1	245,002,472	219,290,205
Open end mutual funds - quoted	5.2	497,960,242	363,017,135
		742,962,714	582,307,340

Sectors / Collective Investment Schemes	Number of units / certificates				Holding at end of the year	Market value (Carrying value) as at 30 June 2010	% of total investment
	Holding at beginning of the year	Acquired during the year	Bonus received during the year	Disposed during the year			
5.1 Closed end mutual funds - quoted							
Managed by JS Investments Limited							
JS Value Fund Limited (related party)	6,128,500	4,126,336	-	-	10,254,836	36,917,410	4.97
JS Growth Fund (related party)	18,651,000	2,035,467	-	200,000	20,486,467	68,424,800	9.21
JS Large Cap Fund (formerly UTP - Large Cap Fund) (related party)	19,086,500	183,508	-	-	19,270,008	81,897,534	11.02
Managed by PICIC Asset Management Company Limited							
PICIC Growth Fund	4,464,000	1,136,000	-	3,270,139	2,329,861	21,574,513	2.90
PICIC Investment Fund	2,646,500	5,758,848	-	-	8,405,348	31,772,215	4.28
Managed by Arif Habib Investments Limited							
Pakistan Strategic Allocation Fund	3,346,000	1,608,500	-	4,954,500	-	-	-
Managed by Atlas Asset Management Limited							
Atlas Fund of Funds	785,000	715,000	-	396,000	1,104,000	4,416,000	0.59
						245,002,472	32.98
5.2 Open end mutual funds - quoted							
Managed by JS Investments Limited - Related Party							
Unit Trust of Pakistan (related party)	720,976	290,983	-	229,783	782,176	80,877,012	10.89
JS-KSE 30 Index Fund (formerly UTP A 30+ Fund) (related party)	337,965	103,328	-	337,840	103,453	7,061,660	0.95
JS Islamic Fund (related party)	-	605,933	-	70,143	535,790	37,098,118	4.99
JS Aggressive Asset Allocation Fund (related party)	396,511	116,552	-	194,837	318,226	13,575,509	1.83
JS Income Fund (related party)	683,228	950,728	58,467	818,562	873,861	76,698,745	10.32
JS Aggressive Income Fund (related party)	231,734	-	4,561	236,295	-	-	-
Managed by Atlas Asset Management Limited							
Atlas Stock Market Fund	-	153,269	-	153,269	-	-	-
Atlas Money Market Fund	-	57,242	-	-	57,242	29,399,746	3.96
Crosby Asset Management (Pakistan) Limited							
Crosby Dragon Fund	-	274,306	-	274,306	-	-	-
Crosby Phoenix Fund	-	266,210	-	266,210	-	-	-
Managed by MCB Asset Management Company Limited							
MCB Dynamic Cash Fund	656,322	-	20,822	677,144	-	-	-
MCB Dynamic Allocation Fund	223,341	521,220	-	688,042	56,519	4,421,214	0.60
MCB Dynamic Stock Fund	595,581	328,620	-	577,153	347,048	33,554,231	4.52
MCB Cash Management Optimizer Fund	-	447,596	-	300,000	147,596	15,034,951	2.02
Managed by Arif Habib Investments Limited.							
Pakistan Capital Market Fund	-	1,755,511	-	1,755,511	-	-	-
Pakistan Stock Market Fund	-	1,387,294	-	1,387,294	-	-	-
Pakistan Income Enhancement Fund	294,927	-	2,159	297,086	-	-	-
Pakistan Income Fund	660,253	-	30,597	690,850	-	-	-
Pakistan International Element Islamic Fund	-	343,328	-	343,328	-	-	-
Metrobank-Sovereign Fund	-	691,700	-	691,700	-	-	-
Pakistan Cash Management Fund	-	1,251,208	-	-	1,251,208	63,412,101	8.54
Managed by IGI Funds Limited							
IGI Stock Fund	-	336,116	-	336,116	-	-	-
IGI Money Market Fund	-	457,118	-	-	457,118	46,166,437	6.21
Managed by Lakson Investments Limited							
Lakson Equity Fund	-	128,416	-	-	128,416	12,756,498	1.72
Lakson Money Market Fund	-	1,078,114	24,314	344,351	758,077	77,904,020	10.49
						497,960,242	67.02
Market Value of held for trading investment as at 30 June 2010						742,962,714	
Cost of held for trading investments as at 30 June 2010						985,366,240	

5.3 The Securities and Exchange Commission of Pakistan vide its letter reference number NBFC-II/ JD(R)/Abamco-UTP FOF/727 has authorised the Fund to invest up to 50% of its assets in funds managed by JS Investments Limited. At 30 June 2010, exposure of the Fund in funds managed by JS Investments Limited (the Management Company of the Fund) was 48.09% (2009:47.80%) of the net assets of the Fund.

6. PREPAYMENT AND RECEIVABLE	2010	2009
	(Rupees)	
Return on bank balances	6.1 4,195	77,341
Receivables against transactions in marketable securities	1,620,431	-
Prepaid listing fee	-	12,500
	<u>1,624,626</u>	<u>89,841</u>

6.1 It includes return receivable from JS Bank Limited (a related party) amounting to Rs. 4,195 (2009: Rs. 30,489)

7. SECURITY DEPOSIT

Central Depository Company of Pakistan Limited	<u>100,000</u>	<u>100,000</u>
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8. DEFERRED FORMATION COST

This represents expenses incurred on the formation of the Fund. The offering document of the Fund, approved by the Securities and Exchange Commission of Pakistan, permits the deferral of the cost over a period not exceeding five years. Accordingly the said expenses are being amortised over a period of five years effective from 16 August 2005, the date of the receipt of the initial investment in the Fund.

Total preliminary expenses	1,000,000	1,000,000
Amortization of preliminary expenses to-date	(974,792)	(774,792)
	<u>25,208</u>	<u>225,208</u>

9. REMUNERATION OF THE MANAGEMENT COMPANY

As per the directive of the SECP (vide its letter reference given in note 5.3), the Management Company is entitled to remuneration for services rendered to the Fund up to a maximum of 1% per annum of the average daily net assets of the Fund. Accordingly, the management fee has been accrued at 1% per annum of the average daily net assets of the Fund. However, no remuneration is charged on part of the net assets that are invested in mutual funds managed by the Management Company.

Balance at beginning of the year	355,821	566,084
Remuneration for the year	4,696,426	5,475,147
Paid during the year	(5,015,249)	(5,685,410)
Balance at end of the year	<u>36,998</u>	<u>355,821</u>

10. REMUNERATION OF THE TRUSTEE

The Trustee is entitled to a monthly remuneration as per the following tariff structure:

Net assets (Rupees in million)		Tariff
From	To	
1	1000	Rs. 0.7 million or 0.2% per annum of net asset value, whichever is higher
1000	and above	Rs. 2 million plus 0.10% per annum of net asset value exceeding Rs. 1,000 million

JS Fund of Funds

	2010	2009
	(Rupees)	
Balance at beginning of the year	118,534	183,899
Remuneration for the year	1,832,743	1,640,561
Paid during the year	(1,812,336)	(1,705,926)
Balance at end of the year	<u>138,941</u>	<u>118,534</u>

11. ANNUAL FEE OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount at the rate of 0.095% per annum of the average daily net assets of the fund in accordance with regulation 62 of NBFC regulations 2008.

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Printing and stationary		45,000	45,000
Audit fee		212,390	175,000
Payable to workers welfare fund	12.1	1,988,250	-
Other expenses payable		126,903	22,760
		<u>2,372,543</u>	<u>242,760</u>

- 12.1** The Finance Act, 2008 brought an amendment in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) with the intention to make the definition of "Industrial Establishment" applicable to any establishment to which the West Pakistan Shop and Establishment Ordinance, 1969 (1969 Ordinance) applies. As a result of this amendment, the WWF Ordinance has become applicable to all Collective Investment Schemes (CIS) whose income exceeds Rs. 0.5 million in a tax year, thus rendering them liable to pay two percent of their total income to Workers Welfare Fund (as defined in section 4 & 2(i) of the WWF Ordinance). The Mutual Fund Association of Pakistan (MUFAP) had filed a constitutional petition before High Court of Sindh on the major grounds that CIS are not covered under the definition of industrial establishment, CIS do not have any worker and amendment was made through money bill.

The Honourable High Court of Sindh vide its order dated 25 May 2010 has dismissed the petition on the main ground that the MUFAP (petitioner) cannot be held to be entitled to maintain a petition in respect of its members as MUFAP is not the aggrieved party in respect of its members. Consequently, few CISs have filed constitutional petitions.

However, the Management Company in pursuance of the order passed by the Honourable High Court of Sindh considers it prudent to record the provision for WWF for the period ended 30 June 2010 amounting to Rs. 1.988 million in these financial statements.

13. NUMBER OF UNITS IN ISSUE

As at 30 June 2010, 9,617,891 (2009: 9,395,931) 'A' class units at par value of Rs. 100 each were in issue.

Total outstanding at beginning of the year	9,395,931	10,969,747
Sales during the year	2,650,199	6,389,335
Bonus units issued	-	1,091,750
Redemption during the year	(2,428,239)	(9,054,901)
Total units in issue at end of the year	<u>9,617,891</u>	<u>9,395,931</u>

14. AUDITORS' REMUNERATION	2010	2009
	(Rupees)	
Annual audit fee	150,000	150,000
Fee for the review of half yearly financial statements	82,500	82,500
Fee for the review of statement of compliance with the code of corporate governance	25,000	25,000
Fee for other certifications	25,000	-
Out of pocket expenses	34,680	37,925
	<u>317,180</u>	<u>295,425</u>

15. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements.

16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include JS Investment Limited being the Management Company, Central Depository Company of Pakistan Limited being the trustee, Jahangir Siddiqui and Company Limited being the holding company of the Management Company, associated companies of the Management Company, Key Management Personnel and other funds being managed by the Management Company.

16.1 Detail of balances with related parties at the year end:

JS Investments Limited

Remuneration payable to the management company	36,998	355,821
Units held - 1,278,294.6271 (2009: 1,885,256.7146) units	<u>111,249,981</u>	<u>143,939,350</u>

JSIL - Staff Provident Fund

Units held - 32,844.2978 (2009: 40,000) units	<u>2,858,439</u>	<u>3,054,000</u>
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Central Depository Company of Pakistan Limited

Remuneration payable to the trustee	138,941	118,534
Settlement charges payable	<u>500</u>	<u>1,000</u>

JS Bank Limited

Bank balance	5,377,303	7,924,159
Profit receivable	<u>4,194</u>	<u>30,489</u>

16.1.1 Investments held in collective investment schemes managed by JS Investments Limited are given in note No. 5.

JS Fund of Funds

	2010	2009
	(Rupees)	
16.2 Detail of transactions with related parties during the year		
JS Investments Limited		
Remuneration of the Management Company	4,696,426	5,475,147
Redemption of units 606,962.0875 (2009: 7,662,841.5395) units	60,000,000	580,000,000
Bonus Nil (2009: 864,249.3249) units	-	88,922,613
Other income	551,850	-
Other expenses	56,720	-
Sales load for the year	45,014	336,690
JSIL - Staff Provident Fund		
Redemption of units 7,155.7022 (2009: 4,077.9894) units	699,270	317,227
Bonus - Nil (2009: 3,989.7340) units	-	410,504
Central Depository Company of Pakistan Limited		
Remuneration of the trustee	1,832,743	1,640,561
Settlement charges	71,872	61,046
JS Bank Limited		
Return on bank balances	1,223,614	5,793,686
JS Aggressive Asset Allocation Fund		
Purchase of units 116,551.8947 (2009: 782,511.7350) units	4,991,033	30,000,000
Sale of units 194,836.8776 (2009: 901,703.5477) units	8,999,403	48,460,976
Bonus Nil (2009: 12,362.2236) units	-	1,258,351
JS Aggressive Income Fund		
Purchase of units Nil (2009: 470,447.2722) units	-	48,000,000
Sale of units 236,294.9191 (2009: 974,266.5509) units	24,080,815	97,204,347
Bonus 4,561.2377 (2009: 42,388.1373) units	463,467	4,262,062
JS Income Fund		
Purchase of units 950,727.5716 (2009: 1,097,092.6954) units	97,766,380	113,084,655
Sale of units - 818,562.3174 (2009: 479,253.2718) units	83,143,166	50,718,005
Bonus 58,466.9833 (2009: 10,715.6284) units	5,892,171	1,091,224
Unit Trust of Pakistan		
Purchase of units - 290,983.4023 (2009: 720,975.6053) units	31,472,573	65,000,000
Sale of units 229,782.8748 (2009: 878,250.3757) units	26,055,506	90,793,524
Bonus Nil (2009: 107,611.7061) units	-	14,333,879
JS Islamic Fund (formerly UTP - Islamic Fund)		
Purchase of units 616,336.3620 (2009: Nil) units	39,062,416	-
Sale of units 80,546.1029 (2009: 93,753.5730) units	5,994,200	7,013,330
Bonus	-	-

	2010	2009
	(Rupees)	
JS KSE 30 Index Fund (formerly UTP - A30+ Fund)		
Purchase of units 51,663.8557 (2009: 168,982.3507) units	<u>3,500,000</u>	<u>9,000,000</u>
Sale of units 117,193.8213 (2009: 35,434.4505) units	<u>8,207,313</u>	<u>1,854,639</u>
Bonus	<u>-</u>	<u>-</u>
JS Value Fund Limited		
Dividend income	<u>9,671,285</u>	<u>5,355,000</u>
JS Growth Fund		
Dividend income	<u>10,243,234</u>	<u>-</u>
Key management personnel		
Issue of units Nil (2009: 11,638.2790) units	<u>-</u>	<u>1,041,810</u>
Redemption of units Nil (2009: 15,571.3135) units	<u>-</u>	<u>1,316,792</u>
Bonus Nil (2009: 355.9999) units	<u>-</u>	<u>36,629</u>
JS Global Capital Limited		
Brokerage expenses	16.2.1 <u>137,429</u>	<u>298,158</u>

16.2.1 The amount disclosed represents the amount of brokerage paid to the related party and not the purchase or sale value of securities transacted through them. The purchase or sale value have not been treated as transactions with related party as ultimate counter-parties are not related.

16.3 Remuneration of the management company and the trustee is determined in accordance with the terms disclosed in notes 9 and 10 respectively. Other transactions are in accordance with the agreed terms.

17. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund maintains positions in a variety of financial instruments in accordance with its investment management strategy. The Fund primarily invests in a portfolio of equity, fixed income, balanced and money market mutual funds.

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

Asset purchases and sales are determined by the Fund's Investment Manager, who has been authorised to manage the distribution of the assets to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Investment Committee. In instances where the portfolio has diverged from target asset allocations, the Fund's Investment Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

17.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. In the Fund's case, it arises principally from bank balances, term deposits and balances due from brokers

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Assignment of credit ratings and obtaining adequate collaterals wherever appropriate / relevant.
- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.
- Cash is held only with reputable banks with high quality external credit enhancements.
- Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimise the risk of default and transactions are settled or paid for only upon delivery.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk as at 30 June 2010 and 30 June 2009 is as follows:

	2010		2009	
	Statement of Asset and Liabilities	Maximum Exposure	Statement of Asset and Liabilities	Maximum Exposure
	----- (Rupees) -----			
Investments - held for trading	742,962,714	497,960,242	582,307,340	363,017,135
Deposits and receivables	1,724,626	1,724,626	177,341	177,341
Bank balances	109,447,010	109,447,010	136,193,990	136,193,990
	854,134,350	609,131,878	718,678,671	499,388,466

Difference in the balance as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investment of Rs. 245,002,472 (2009: Rs. 219,290,205) relates to investment in closed end mutual funds which are not considered to carry credit risk.

Credit ratings and Collaterals held

Details of the credit ratings of open end mutual funds, bank balances (including profit due) and deposit and receivables as at 30 June 2010 are as follows:

Rating	2010 %	2009 %
AA	93.55	94.02
A	4.84	5.82
Others	1.61	0.16
	100	100

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2010).

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Details of Fund's concentration of credit risk of financial instruments are as follows:

	2010		2009	
	(Rupees)	%	(Rupees)	%
Open end mutual funds	497,960,242	81.75	363,017,135	72.69
Bank balances (including profit due)	109,451,205	17.97	136,271,331	27.29
Others	1,720,431	0.28	100,000	0.02
	609,131,878	100	499,388,466	100

It is not practically possible to separately determine the credit risk exposure to the economic sectors in view of the extent of investments by the fund to several other funds and the investments made by the investee funds thereof.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale / redemption.

The Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. In case of open end fund investments, the Fund mitigates the risk through investments in reputable Funds only.

Past due and impaired assets and collaterals held

None of the financial assets of the Fund are past due or impaired as at 30 June 2010. All the financial assets of the Fund as at 30 June 2010 were unsecured.

17.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement. In respect of investments in closed end funds, the present settlement system is a T+2 system, which means that proceeds from sales (to pay off redemptions) of holdings will be received on the second day after the sale, while redemptions requirements in respect of open end fund investments have to be paid within a period of six days from the date of the redemption request.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings were made during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of net assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund can also withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows:

30 June 2010	Carrying amount	less than 1 months	1 to 3 months
	------(Rupees)-----		
<i>Non-derivative liabilities</i>			
Payable against redemption of units	13,718,185	13,718,185	-
Remuneration payable to the Management Company	36,998	36,998	-
Remuneration payable to the Trustee	138,941	138,941	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	871,800	-	871,800
Creditors, accrued and other liabilities	384,293	171,903	212,390
	15,150,217	14,066,027	1,084,190
30 June 2009	Carrying amount	less than 1 months	1 to 3 months
	------(Rupees)-----		
<i>Non-derivative liabilities</i>			
Remuneration payable to the Management Company	355,821	355,821	-
Remuneration payable to the Trustee	118,534	118,534	-
Annual fee payable to the Securities and Exchange Commission of Pakistan	799,496		799,496
Creditors, accrued and other liabilities	242,760	67,760	175,000
	1,516,611	542,115	974,496

17.3 Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values. The Fund is exposed to interest rate and price risk only.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fund's interest rate exposure arises on profit and loss sharing bank balances only. These balances are held for the purposes of meeting the redemption requests and for earning purposes also. Risk management procedures are the same as those mentioned in the credit risk management. At 30 June 2010, details of the interest rate profile of the Fund's interest bearing financial instruments were as follows:

<i>Variable rate instruments</i>	2010	2009
	(Rupees)	
Financial assets	<u>109,447,010</u>	<u>136,193,990</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would not have material impact on the profit for the year and unit holders' fund.

Apart from the above at 30 June 2010 details of the Fund's investment in open end mutual funds amounting to Rs. 497.960 million (2009: Rs 363.017 million) were as follows:

	% of investments in open mutual funds	
	2010	2009
Exposure in funds with interest bearing securities	61.98	69.22
Exposure in funds with equity securities	38.02	30.78
	<u>100</u>	<u>100</u>

The above details are based on the approximate historical data available with the Fund. Exposure to the above funds are being managed from price risk perspective.

The above variable rate financial instruments represent profit and loss sharing bank balances and carry profit rates ranging between 5% to 12.75% per annum. These are withdrawable as demanded.

Price risk

Price risk is the risk of unfavorable changes in the fair value of securities as a result of changes in the levels of KSE-Index / individual net assets value of open end funds and the resultant change in the value of individual instrument. The price risk exposure of the Fund arises from investments in mutual fund only. This arises from investments held by the Fund for which prices in the future are uncertain. The Fund policy is to manage price risk through diversification and selection of securities within specified limits set by internal risk management guidelines. Market risk in open end funds is being monitored by the Fund along with the market risk in close end funds as price risk.

The Fund manages this risk by limiting exposure to any single collective investment scheme to the extent of 20% of issued capital / net assets of that collective investment scheme (the limit set by NBFC regulations) . The Fund also manages its

JS Fund of Funds

exposure to price risk by reviewing the portfolio allocation as frequently as necessary and at least once a quarter from the aspect of allocation within industry and individual stock within that allocation.

Details / analysis of Fund's investments in different mutual funds and percentage in relation to Fund's own investments is presented in note 5.1.

As at 30 June 2010, the fair value of securities exposed to price risk were as follow:

	2010	2009
	(Rupees)	
Held for trading	<u>742,962,714</u>	<u>582,307,340</u>

The following table illustrates the sensitivity of the loss for the year and the unit holders' fund to an increase or decrease of 10% in the fair values of the Fund's securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Funds' securities at each statement of assets and liabilities date, with all other variables held constant.

Income statement	<u>74,296,271</u>	<u>58,230,734</u>
Unit holders' fund	<u>74,296,271</u>	<u>58,230,734</u>

17.4 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.



17.5 Unit holder's fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement.

17.6 Fair value of financial instruments

The Fund's accounting policy on fair value measurements is discussed in note 3.1.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2010, all the investments were categorised in level 1.

18. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the Management Company and rating of the Fund and the Management Company has been disclosed in Annexure I to the financial statements.

19. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the management company have approved bonus units of Rs. 9.20 per unit (on 7 July 2010) for the year ended 30 June 2010 (Rs. Nil per unit for the year ended 30 June 2009), amounting to Rs. 88,484,595 (2009: Nil) in total. These financial statements do not include the effect of the above final dividend that will be accounted for subsequent to the year end. This meets the minimum dividend requirement mentioned in note 15.

20. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by Board of Directors of Management Company on August 17, 2010.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

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

ANNEXURE I

(i) UNIT HOLDING PATTERN OF THE FUND

-as at 30 June 2010

Category	unit holders	Number of units held	% of total
Individuals	92	223,454	2.32
Associated Companies	1	1,278,295	13.29
Banks / Development Financial Institutions	1	1,063,478	11.06
Non Banking Finance Companies	1	203,998	2.12
Retirement Funds	9	466,245	4.85
Public Limited Companies	0	-	0.00
Others	5	6,382,421	66.36
	109	9,617,891	100.00

-as at 30 June 2009

Category	unit holders	Number of units held	% of total
Individuals	96	306,459	3.26
Associated Companies / Directors	1	1,885,257	20.06
Banks / Development Financial Institutions	1	137,440	1.46
Non Banking Finance Companies	1	149,818	1.59
Retirement Funds	11	1,022,375	10.89
Public Limited Companies	0	-	0.00
Others	5	5,894,581	62.74
	115	9,395,931	100.00

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

-----2010-----		-----2009-----	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Crosby Securities	20.29%	Crosby Securities	21.40%
NUA Securities Private Limited	13.42%	KASB Securities Limited	19.42%
JS Global Capital Limited	11.01%	JS Global Capital Limited	12.58%
Next Capital Limited	7.97%	Invisor Securities (Private) Limited	5.78%
Arif Habib Securities	6.58%	Fortune Securities	5.07%
Invest Capital Investment Bank Limited	5.84%	Invest & Finance Securities (Private) Limited	3.80%
Invest & Finance Securities (Private) Limited	4.79%	BMA Capital Management	3.16%
Elixir Securities	4.43%	Elixir Securities	2.53%
MRA Securities Pvt. Limited	4.42%	Arif Habib Securities	2.30%
Fortune Securities	3.38%	Invest Capital Investment Bank Limited	1.92%

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Mr. Rashid Mansur
Mr. Suleman Lalani
Dr. Ali Akhtar Ali - Fund Manager

Mr. Rashid Mansur

Mr. Rashid Mansur joined JS Investments Limited on April 1, 2010 as Chief Executive Officer. Prior to joining JSIL he was President and CEO of Escorts Investment Bank Limited and also served as the Chairman of the 'Investment Banks Association of Pakistan. He is a qualified Associate of the Chartered Institute of Bankers London with specialization in 'International Banking Operations', 'Practice & Law of International Banking' and 'International Finance & Investment'.

ANNEXURE I

He is a Fellow of the Institute of Bankers in Pakistan with over 26 years of Domestic and International Banking experience. He started his career with Habib Bank Limited in 1974 and served for 18 years on various management positions including 10 years in Turkey. In Pakistan, he has held various Board-level positions in both Private and Public Sector, such as President and CEO, 'Fidelity Investment Bank Limited', CEO 'Fidelity Leasing Modaraba', Director 'Security General Insurance Company Limited and Chairman and CEO 'Board of Investment and Trade Punjab'.

During his tenure as Chairman and CEO of 'The Board of Investment and Trade', Government of Punjab and as Secretary General of Turkey 'Pakistan Business Council (Lahore Chapter)', he is credited with hosting and organizing various investment conferences abroad and rendered valuable services for the promotion of economic relations between Turkey and Pakistan. Besides English and Urdu, he speaks French and Turkish fluently.

Mr. Suleman Lalani

Mr. Lalani joined JSIL as CFO and Company Secretary in January 2005. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has 18 years of experience in the financial services sector. Prior to joining JSIL, Mr. Lalani has also served as CFO and Company Secretary of a regulated microfinance institution for three years. Earlier he worked as Chief Operating Officer for Jahangir Siddiqui Investment Bank Limited and as Vice President - Finance & Legal with JSCL.

Mr. Lalani has also passed the Board Development Certificate Program conducted by Pakistan Institute of Corporate Governance. He is serving as a member of the Board of Directors of AI – Abbas Sugar Mills Limited.

Dr. Ali Akhter Ali - Fund Manager

Dr. Ali Akhter Ali joined JS Investments as Senior Vice President (fund manager) in November 2009. He earned his MBBS from Baqai Medical College in 1998-99 and MBA with majors in Finance from PAF-KIET in Jan-2006.

Before joining JS Investments Limited he remained associated with KASB Capital Ltd. for around a year and a half (2008-2009) initially as Chief Dealer in the Treasury Department and then moved on to Head of Money Market , Forex & Financial Advisory. Prior to KASB Capital he worked with JS Investments Limited from 2006 till 2008 in the capacity of Assistant Vice President, Investments Department. He also worked for 3 years (2000-2004) with BMA Capital Management as a Senior Dealer on the Fixed Income Desk and two and a half years (2004-2006) at Jahangir Siddiqui Capital Markets as Senior Dealer Fixed Income Desk was later promoted to the position of Head of Fixed Income.

Currently, he is looking after the JS Fund of Funds, JS Cash Fund, JS Growth Fund and JS Pension Savings Fund.

(iv) MANAGER OF THE FUND

Dr. Ali Akhter Ali

For details, refer note (iii) above.

(v) DIRECTOR MEETING ATTENDANCE

Name of directors	30 June 2010						
	Dates	07 Jul 09	21 Aug 09	29 Aug 09	23 Oct 09	26 Feb 10	24 Apr 10
Mr. Munwar Alam Siddiqui	Meeting Attended	6	1	1	1	1	1
Mr. Rashid Mansur-Incoming CEO		1	-	-	-	-	1
Mr. Suleman Lalani- Incoming Executive Dire		1	-	-	-	-	1
Mr. Muhammad Najam Ali-Out going CEO		5	1	1	1	1	-
Mr. Ali Raza Siddiqui- Out going director		5	1	1	1	1	-
Mr. Nazar Mohammad Shaikh		6	1	1	1	1	1
Lt. General (Retd.) Masood Parwaiz		6	1	1	1	1	1
Mr. Sadeq Sayeed		2	-	1	1	-	-
Mr. Fayaz Anwar-Incoming Director		1	-	-	-	-	1
Mr. Siraj Ahmed Dadabhoy-Out going Direct		-	-	-	-	-	-
Members attended		5	6	6	5	5	6

(vi) FUND AND ASSET MANAGER RATING

The matter of mutual funds performance ratings by a rating agency is presently under discussion between MUFAP, SECP and the country's two rating agencies. Updated fund rating will be announced by the Management Company once a conclusion is reached on the same.

The asset manager rating for JS Investments Limited is in progress and has not yet been announced by JCR – VIS Credit Rating Co. Limited. The asset manager rating for JS Investments Limited last announced by PACRA was "AM2". The said rating was subsequently withdrawn by PACRA on March 16, 2010 pursuant to JS Investments' decision to discontinue its rating relationship with PACRA with immediate effect.



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