



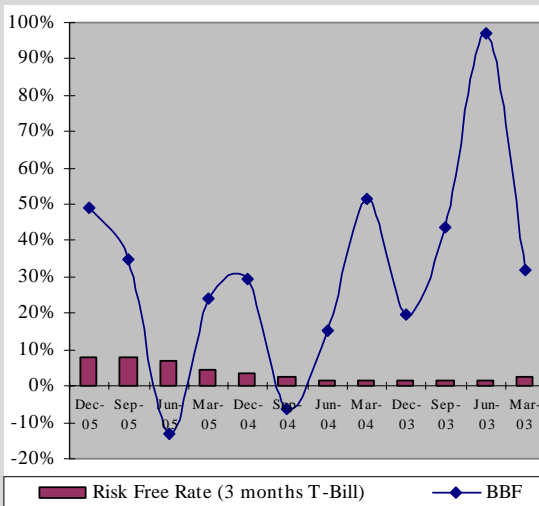
BSJS BALANCED FUND LIMITED (BBF)

MUTUAL FUND RATING (MARCH 2006)

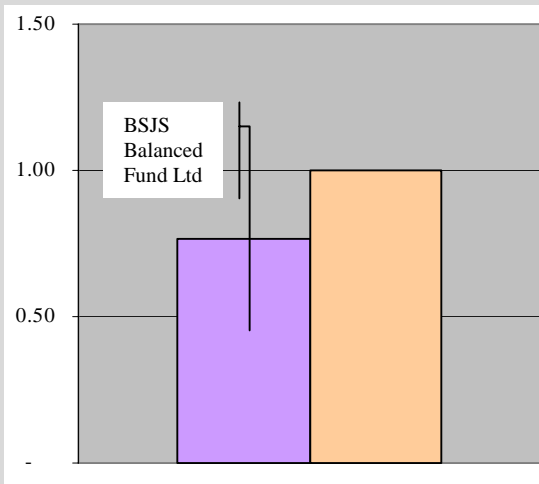


FUND:	BSJS Balanced Fund Ltd.
FUND CATEGORY:	Balanced Fund
LAUNCH DATE:	January 1996
ASSET MANAGER:	ABAMCO Limited
ASSET MANAGER RATING:	AM2 (by PACRA)

SIMPLE ANNUALISED RETURN:



SHARPE RATIO VS PEERS (31-Dec-05):



RATING

BBF has been assigned a 4-Star rating, which reflects good performance relative to its peer. The rating is a composite measure of two factors namely a) returns, and b) risk associated with the returns measured by Sharpe Ratio. For computing return and risk, the performance of the fund during 12 trailing quarterly periods ended on Dec 31, 2005 has been considered.

PROFILE

BBF, a closed-end fund, was incorporated in March 1994 as a public limited company and is listed on the Karachi Stock Exchange. ABAMCO Limited is acting as the company's 'investment advisor' and MCB Bank Limited as its 'custodian'.

ASSET MANAGER

Incorporated in 1995, ABAMCO is the largest private sector asset management company in Pakistan. It is a subsidiary of Jahangir Siddiqui & Company Limited (JSCL), the flagship and main holding company of the JS group. The subsidiary companies of JSCL, in addition to ABAMCO, include Jahangir Siddiqui Investment Bank Limited and Jahangir Siddiqui Capital Markets Limited. The group is in the process of acquiring a commercial bank, American Express Bank (Pakistan Branches). JSCL enjoys a long-term entity rating of 'AA+' from PACRA. Other institutional shareholders of ABAMCO include AMVESCAP Plc. – a leading global asset management company – and International Finance Corporation.

The Chief Executive of ABAMCO, Mr. Najam Ali, is a Chartered Accountant with extensive exposure to the financial sector. The Chief Investment Officer (CIO) is an MBA with considerable experience in Pakistan's financial and capital markets. The fund manager of BBF is Bachelors in Commerce with more than 15 years of experience in the financial sector.

ABAMCO has an asset manager rating of 'AM2', which reflects the company's very strong capacity to manage the risks inherent in asset management. The company offers a wide range of mutual funds with varying risk/return profiles and, therefore, catering to a diverse set of individuals and institutional investors. Currently, the company is managing ten funds with assets under management crossing PKR 25bln mark. ABAMCO manages five open-end funds namely, Unit Trust of Pakistan, UTP-IF, UTP-Islamic Fund, UTP-Aggressive Asset Allocation Fund, UTP-Fund of Funds, and five closed-end funds namely, BSJS Balanced Fund, ABAMCO Stock Market Fund, ABAMCO Capital Fund, ABAMCO Composite Fund, and ABAMCO Growth Fund. ABAMCO has initiated the merger process of the last three funds.

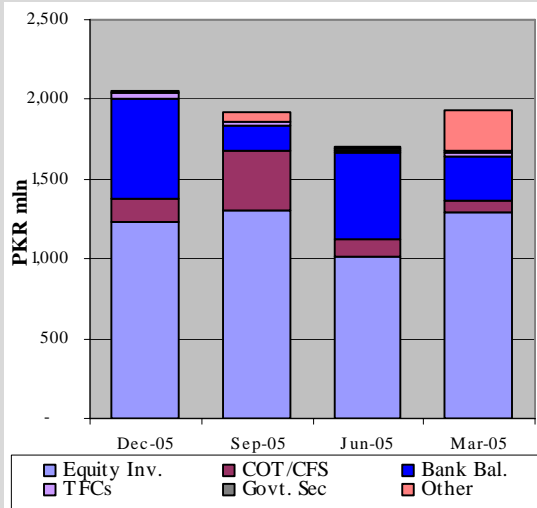
PERFORMANCE

The Fund's earnings – consistent with its policy to maintain a mix of equity and debt securities - are a combination of capital gains, dividend income, and interest income. Although the Fund relies more on its equity investments, there is also a continuing contribution, though modest, from other assets like bank – both savings and term – deposits, income from financing against equity securities in the form of Continuous Funding System (CFS), and return on its TFCs portfolio and government securities. The Fund, in the recent period, has consistently maintained high level of bank deposits to benefit from increasing interest rates being offered by financial institutions. BBF, despite being a balanced fund, experienced relatively higher volatility in returns resulting in deterioration of its Sharpe ratio.

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ASSET ALLOCATION:



TOP TEN HOLDINGS (31-Dec-05):

Entity	Holding as a %age of total portfolio
Pakistan Oilfields Limited	15.5%
Oil & Gas Development Co. Limited	14.8%
Packages Limited	5.9%
EFU Life Assurance Co. Limited	5.5%
Rafhan Maize Products Co. Limited	5.4%
Pakistan State Oil Co. Limited	5.1%
Int. General Insurance Co. of Pakistan	4.4%
D.G. Khan Cement Co. Limited	4.3%
GlaxoSmithKline Pakistan Limited	3.9%
Jahangir Siddiqui & Co. Limited	3.7%
Others	31.5%
Total	100.0%

Total Equity Portfolio (PKR mln) 1,229
Equity Portfolio / Total Assets 60.0%

CERTIFICATE HOLDING PATTERN (31-Dec-05):

Unit Holders' Category	%
Individuals	25.4
Financial Institutions	21.8
Associates	40.9
Others	11.9

INVESTMENT METHODOLOGY

The primary objective of BBF is to maximize the total investment return, which would consist of a combination of capital appreciation and income. The principal activity of the Fund is to make investments in marketable securities including equity and debt instruments. The equity portion of the portfolio seeks capital growth by investing in stocks that meet certain fundamental and technical standards of selection and in the opinion of the Investment Advisor, better-than-average potential for appreciation alongwith liberal dividend distribution policies. The objective is achieved through investing in selected stocks, TFCs, reverse repo transactions, government securities and placing funds as saving and term bank deposits.

The Investment Committee (IC) of ABAMCO Limited, comprising Chief Executive, CIO, Executive Director, and Chief Executive of the parent company, is responsible for macro level planning including asset allocation on quarterly basis and overall investment policy. The IC meets on a weekly basis to review the Fund's performance and compliance with the quarterly investment policy. The fund manager submits investment proposals to the CIO, who takes the final decision, on daily basis. At the same time, if there is some fundamental change, one of the members of IC – mostly the CIO – can convene a meeting and suggest changes in the quarterly investment strategy.

RESEARCH

The research department is equipped with high-tech modeling and research software. The software is used for data collection, performing fundamental / technical analysis and generating customized reports.

The research department conducts research on individual companies, gleaning valuable information from annual reports, industry data, management meetings, plant visits and also from other reliable market sources. Once sufficient data is gathered, the sector analyst creates detailed sector model and tries to forecast performance of the entire sector. A number of periodic reports / resources are maintained in this regard. Additionally technical based research is also conducted. For investment in primary market – IPOs and Pre-IPOs - the research department supports the fund manager in developing a proposal. The fund manager is provided with different software modules for investment in the secondary market. MATLAB – a software module – is capable of running interest rate (KIBOR) simulation. The company is also coming up with a specialized performance module on CFS, for facilitating research and analysis work.

RISK MANAGEMENT & ASSET COMPOSITION

The major portion of the Fund's assets is deployed in listed equities and CFS. The rigorous selection procedure for equity investments takes into account all the critical elements including expected dividend yield and market liquidity. This is aimed at providing the Fund with a constant income flow, as well as prospects of capital growth. The CFS, given the highly liquid nature of the underlying securities and imposition of the settlement risk on the clearinghouse, involves minimal potential risk.

In terms of risk management of investment in debt securities, the relevant credit rating is considered a critical factor and as a policy the Fund refrains from investment in TFCs carrying a long-term credit rating lower than 'A' unless expressly approved by the Board.

ANALYST

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RATING SCALE

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

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