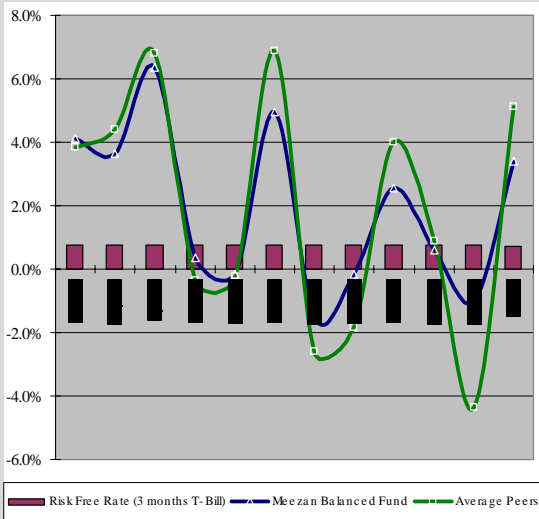




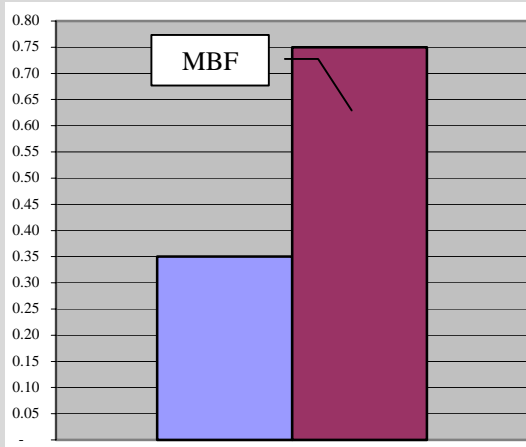
MEEZAN BALANCED FUND (MBF)

MUTUAL FUND RATING (MAY 2008)	
NORMAL:	★★★★★ (5-STAR)
LONG TERM:	Not applicable
FUND:	Meezan Balanced Fund
FUND CATEGORY:	Islamic Balanced Fund
FUND TYPE:	Closed-end
LAUNCH DATE:	December 2004
ASSET MANAGER:	Al Meezan Investment Management Limited
TRUSTEE:	Central Depository Company

ABSOLUTE RETURN – MONTHLY



SHARPE RATIO VS PEERS (FY-07)



RATING

The star ratings measure the performance of the funds not only on the returns given by these funds over the period of analysis but also the risk – measured by variability in return over monthly periods. The rating of a fund is comparable only to ratings of other funds in the same category. An Islamic Balanced Fund means a fund that invests in *shariah* compliant equity and debt instruments only, and maintains around 30% of its net assets in equities at all time.

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

As MBF has operational history of less than three years at end-June07, the Fund, being not eligible for long-term star rating, is assigned normal star rating only. Accordingly, a 5-star rating (normal) has been assigned to MBF based on the performance during FY07.

ASSET MANAGER

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

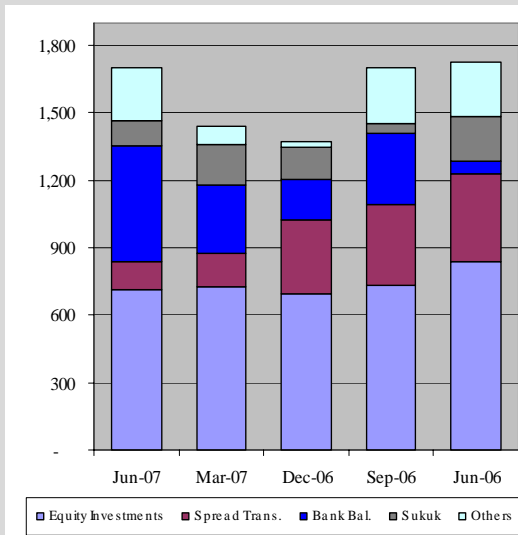
The Chief Executive of AMIM, Mr. Mohammad Shoaib, is a CFA Charter holder and also has Masters degree in Business Administration with over 16 years of experience in the capital markets. The Head of Investments is an MBA with extensive experience of more than 10 years in the financial and capital market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

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

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ASSET ALLOCATION



TOP TEN HOLDINGS (30-June-07)

Entity	Holding as a %age of total portfolio
Packages Limited	14.0%
Pakistan Telecommunication Co. Limited	11.8%
Oil & Gas Development Co. Limited	10.9%
The Hub Power Company Limited	9.0%
Indus Motor Company Limited	7.5%
Engro Chemical Pakistan Limited	7.5%
Fauji Fertilizer Co. Limited	6.6%
Nishat Mills Limited	5.9%
Pakistan Petroleum Limited	5.5%
Fauji Fertilizer Bin Qasim Limited	4.2%
Others	17.0%
	100.0%

Total Equity Portfolio (PKR mln) 836
Equity Portfolio / Total Assets 49.1%

CERTIFICATE HOLDING PATTERN (30-June-07)

Category	%
Individuals	47.6%
Associates	26.8%
Corporates	7.5%
Financial Institutions	7.2%
Others	10.9%
	100.0%

ANALYST

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PERFORMANCE

MBF's earnings remained mainly a function of capital gains though the proportion of unrealised gains, arising on blue chips, increased in comparison with realised gains during FY07. The Fund invested in deferred sale arrangements – a *shariah* compliant approved equivalent of ready-future spread transactions – but its relative proportion gradually plummeted due to the declining trend in spreads offered on equity instruments. Profit on *shariah* compliant debt instruments, *sukuk*, constituted a fair portion of the total income. Meanwhile, the contribution of return on bank deposits also increased owing to enhancement in these towards the end of FY07.

The performance of the Fund was superior to peer both in terms of absolute monthly returns and volatility, as depicted by a high Sharpe Ratio.

INVESTMENT METHODOLOGY

The primary objective of MBF is to provide the maximum total return to the certificate holders by maintaining a balance between equity securities and *shariah* compliant income instruments/avenues. The Fund, in addition to equities, deferred sale transactions and *riba*-free bank deposits, is also permitted to place funds in Islamic TFCs, Islamic *Sukuk*, certificates of Islamic investments and other asset backed securities allowed by SECP and confirmed as *shariah* compliant by MBF's *shariah* advisor, Meezan Bank Limited. The fund, depending upon the market conditions, will switch between equity and Islamic income instruments.

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

RATING SCALE

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