



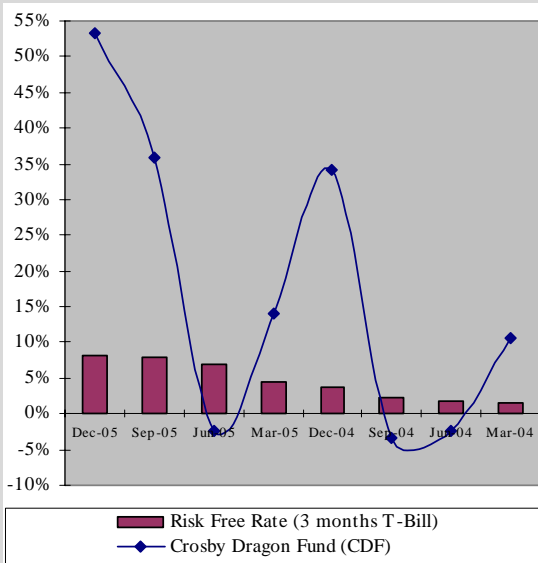
CROSBY DRAGON FUND (CDF)

MUTUAL FUND RATING (MARCH 2006)

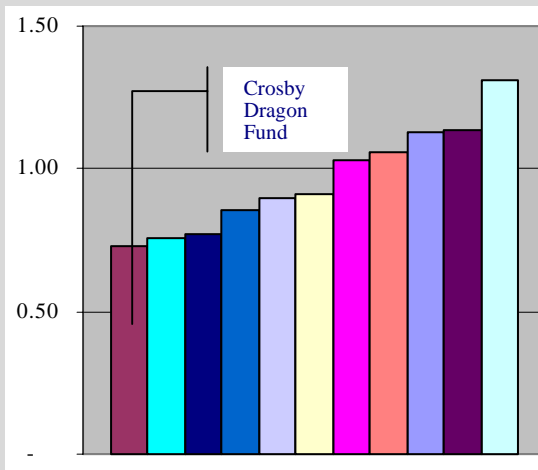


FUND:	Crosby Dragon Fund
FUND CATEGORY:	Equity Fund
LAUNCH DATE:	December 2003
ASSET MANAGER:	Crosby Asset Management (Pakistan) Limited
ASSET MANAGER RATING:	AM 4 (by PACRA)

SIMPLE ANNUALISED RETURN:



SHARPE RATIO VS PEERS:



* In case of an equity fund that has less than PKR 1bn of net assets, it is not included in peers unless it has completed six quarters of operations under the existing asset manager.

RATING

CDF has been assigned a 3-Star rating, which reflects average performance relative to its peers. The rating is a composite measure of two factors namely a) returns, b) risk associated with the returns measured by Sharpe Ratio. For computing return and risk, the performance of the fund during 8 trailing quarterly periods ended on Dec 31, 2005 has been considered.

PROFILE

CDF, an open-end scheme, was established under a trust deed, executed on Sep 20, 2003, between Crosby Asset Management (Pakistan) Limited as management company and Jahangir Siddiqui Investment Bank Limited as trustee.

ASSET MANAGER

Crosby Asset Management (Pakistan) Limited (CAML), incorporated in 1983 and acquired by Crosby group in 2003, is a wholly owned subsidiary of Crosby Asset Management International Limited, a company incorporated in Hong Kong, which, in turn, is a subsidiary of Crosby Capital Partners (CCP). CCP, the parent company of Crosby group of companies, was established in 1984 and is an independent investment management firm with dual headquarters in London and Hong Kong with business focus on Asian region.

The BoD of CAML comprises three members. The Chief Executive, Mr. Mumtaz Hussain Syed, is an MBA from LUMS with vast experience in the financial and corporate sector in Pakistan. The Fund Manager of CDF has accumulated an extensive experience of above 8 years of capital markets while working with different brokerage houses.

CAML – currently managing only CDF – has an asset manager rating of ‘AM4’, which reflects the company’s adequate capacity to manage the risks inherent in asset management. This capacity is an outcome of reasonable management experience and business strategy, relevant software tools for portfolio risk management, adequate risk management policies and independence from reference shareholder in decision-making process.

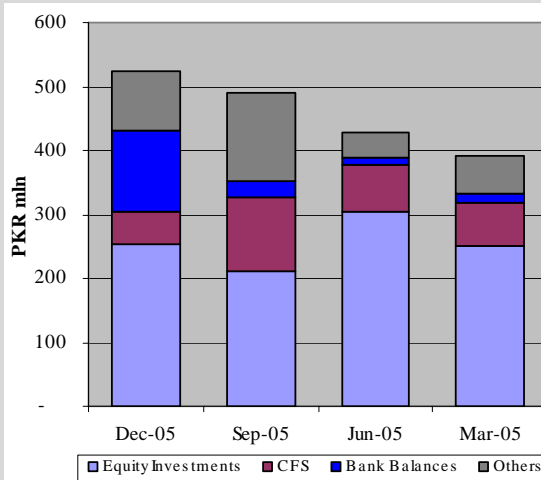
PERFORMANCE

CDF, despite its relatively small size providing it benefit of muted entry and exit from the stock market, could not perform well in the recent period compared to other equity funds. The management’s assessment of the market sentiments and sustainable levels turned out to be inconsistent with the market’s actual behavior. This is reflected in the Fund’s asset composition, which had very high proportion of equities during first half of 2005 – a period during which the stock market witnessed substantial correction and volatility – as against relatively small size of the equity portfolio during the most of the second half of 2005 – a period of gradual upsurge in the stock market. Moreover, in the past, CDF’s equity portfolio comprised a large number of stocks. The Fund has recently changed this strategy and now intends to concentrate on a few stocks. This has benefited the Fund and its returns during last quarter of 2005 have improved relative to its peers.

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ASSET ALLOCATION:



TOP HOLDINGS (31-Dec-05):

Entity	Holding as a %age of total portfolio
Pakistan State Oil Company	21.4%
Pakistan Int'l Container Terminal	18.9%
Fauji Fertilizer Company	17.8%
BSJS Balanced Fund	14.7%
Eye Television Network	12.4%
Pakistan Oilfields Limited	8.4%
Altern Energy Limited	3.4%
Pakistan Petroleum Limited	2.1%
First Dawood Investment Bank	0.9%
	100.0%

Total Equity Portfolio (PKR mln) 253.5
Equity Portfolio / Total Assets 48.4%

UNIT HOLDING PATTERN (31-Dec-05):

Category	%
Individuals	0.6%
Corporates	9.8%
Financial Institutions	82.5%
Retirement Funds	5.3%
Associates	1.7%
Others	0.0%
	100.0%

INVESTMENT METHODOLOGY

The objective of CDF is to generate optimum returns for its investors by investing primarily in equity securities with a defensive contingent strategy to diversify its investment into debt instruments to mitigate the impact of market volatility. The investment in a particular stock is primarily based on expected capital appreciation, its marketability and linkage with the market cycle.

The company has designed a two-tier structure for investment process. The investment committee (IC) comprising the CEO, two other directors, Fund Manager and Chief Financial Officer is responsible for macro level planning including asset allocation on quarterly basis and overall investment policy. Once the broad investment policy is prepared and approved, the sub-investment committee, comprising the CEO, the CFO and the Fund Manager, is responsible for daily monitoring and investment/divestment decisions. The main IC generally meets on monthly basis to review the Fund's performance and compliance with the quarterly investment policy. In case of some fundamental changes, the Fund Manager convenes meeting, usually telephonically or electronically, to revisit the quarterly investment strategy.

RESERACH

Currently CAML has no research department of its own and, consequently, there is greater reliance on research reports from different brokers.

RISK MANAGEMENT & ASSET COMPOSITION

CDF's asset mix is dominated by equity securities, followed by investment in CFS, placements with financial institutions and a small portfolio of debt instruments. In terms of the equity portfolio, the Fund has concentration in a few stocks. Stock selection is based largely on momentum and relative valuation techniques with little emphasis on fundamental analysis. CDF adheres to exposure limits as laid down by NBFC Rules, 2003. In case of CFS, the highly liquid nature of the underlying securities and imposition of the settlement risk on the clearinghouse minimizes the potential risk.

The management has devised adequate policies and procedures to meet the redemption claims well before the stipulated time of 6 days allowed under the law. The Fund manager maintains sufficient liquidity in the form of CFS and bank deposits.

ANALYST

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RATING SCALE

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