

# IGI Income Fund

Fund Manager's Report - November 2007



## Fund Facts

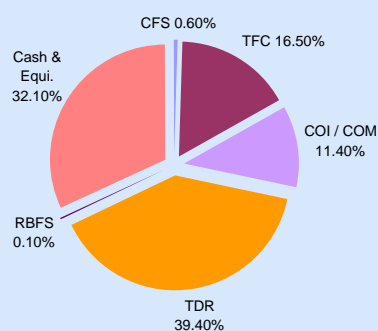
Management Company	IGI Funds Limited	Benchmark	1-month KIBOR
Fund Type	Open-end	Fund Size (Net Assets)	PKR 3,456 Million
Fund Lifespan	Perpetual	NAV per Unit	PKR 104.1042
Dealing Frequency	Daily	Duration (months)	4.7
Capital Gains Tax	Exempt	Standard Deviation	0.25%
Pricing	Forward Day	Sharpe Ratio	0.37
Sales Load	Currently 0%	Return (November)	9.22%
Asset Class	Fixed Income	Expense Ratio *	1.59%
Management Fee	1.25%		
Holding Period	None		
Minimum Initial Investment	PKR 5,000/-		
Minimum Subsequent Investment	PKR 1,000/-		
Trustee	CDC Pakistan Limited		
Auditor	KPMG, Taseer Hadi & Co.		
Listing	Lahore Stock Exchange		
Fund Manager	M. Umair Chauhan		

\* Ratio of total expenses including management fee to the average net assets.

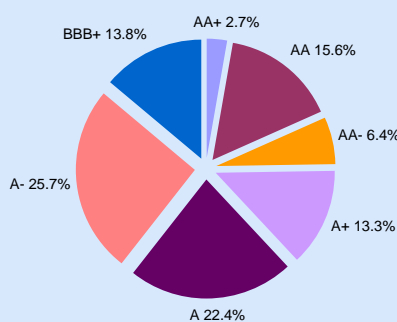
Note: The Standard Deviation and Sharpe Ratio have been calculated using monthly returns for FY08 and the Sharpe Ratio has been calculated against benchmark.

## Fund Position as at November 30, 2007

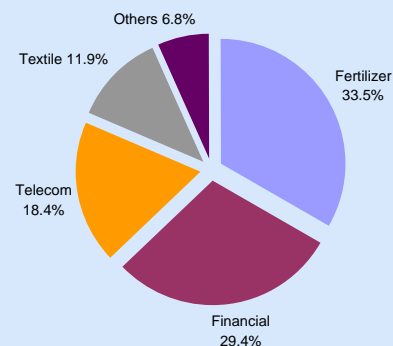
### Asset Allocation



### Credit Splits



### TFC Portfolio



[www.igifunds.com.pk](http://www.igifunds.com.pk)

Helpline: 0800-2-34-34 Registered Office: 7th Floor, Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi

**Disclaimer:** All Investments in Mutual Funds are subject to market risk. The NAV based prices of units & any dividends/returns thereon are dependent on factors affecting the financial markets. These may go up & down based on market conditions. Past performance is not necessarily indicative of future results. Please read the fund's Offering Document on [www.igifunds.com.pk](http://www.igifunds.com.pk) for detailed information prior to investment.

## Investment Objective

The investment objective of IGI Income Fund (IGIIF) is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the Unit Holders. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance with applicable laws.

## Investment Review - November 2007

### Environment

Net inflow of PKR 14.6 billion into the money market helped rates ease during the last week of the month as O/N rates touched a low of 1.00%. This also helped short-term KIBOR to ease and 1-month KIBOR declined by 24bps during the month to settle at 9.55%.

SBP raised PKR 43.69 billion through two T-Bill auctions against maturities of PKR 93.67 billion. At the PIB auction, the SBP rejected bids against all tenors except the 30-year bond.

In the TFC market, yields have improved as fund managers booked some gains in privately placed TFCs that offered yields above 11%. Currently, TDR and CFS rates are on the lower side making TFC better yielding instruments in the market.

### Future Outlook

Despite rising international oil prices, domestic POL prices stayed unchanged and this should increase the fiscal burden. We can, therefore, expect more PIB and T-Bill auctions in the coming days. However, as has been indicated in the last PIB auction, SBP may not allow market participants to dictate terms and raise interest rates.

Some increase could be seen in the TDR rates due to the year-end but commercial banks may discourage high cost deposits as credit off-take is not keeping pace with the deposit growth.

Excess liquidity available with the banks and fund managers will narrow spreads on TFC. The flow of new TFC issues is expected to continue.

### Fund Activity

During November, proceeds from maturities of money market placements were used to increase exposure in TDR by about 6%. IGIIF also booked gains on some fairly valued TFCs from its portfolio whilst increasing exposure to some new issues keeping the overall TFC exposure at 17%.

### Fund Performance

As at November 30, 2007, Net Assets of the Fund were PKR 3.45 billion with its NAV at PKR 104.1042 per unit. It yielded 9.22% p.a. for the month compared with average return of 9.64% p.a. for 1-month KIBOR and industry average of 8.58% p.a.

Weighted Average Duration of the portfolio is 4.7 months. Standard Deviation of the monthly returns for FY08 is 0.25% while the Sharpe Ratio, measured against its benchmark, for the same period is 0.37.

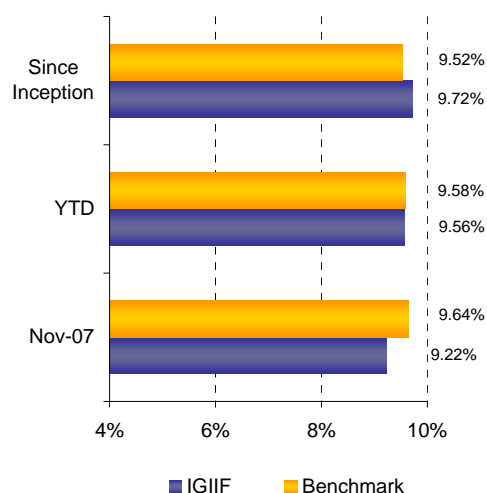
In terms of performance, IGI Income Fund stands in the top quartile of the industry. The low exposure to the Ready/Future transactions helped maintain minimal volatility in the NAV and provided positive returns to investors every single day.

### Fund Strategy

The Fund is well positioned to take advantage of investment opportunities that may exist over the year-end.

The Fund will continue to build a high quality portfolio of TFC and will book capital gains, where profitable.

### Returns Comparison



### Rolling Returns

	IGIIF	KIBOR	OP/UP *
1M	9.22%	9.64%	-0.42%
2M	9.28%	9.73%	-0.45%
3M	9.34%	9.68%	-0.34%
6M	9.62%	9.54%	0.08%
9M **	9.72%	9.52%	0.21%

\* OP=Out Performance and UP=Under Performance

\*\* Since April 14, 2007