

# IGI Income Fund

Fund Manager's Report - April 2008

## Fund Facts

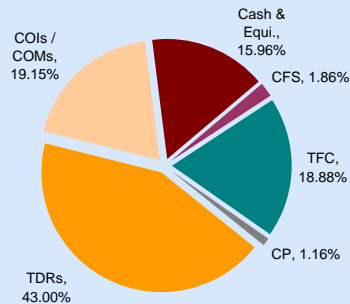
Management Company	IGI Funds Limited	Benchmark	1-month KIBOR
Fund Type	Open-end	Fund Size (Net Assets)	PKR 4,127 Million
Fund Lifespan	Perpetual	NAV per Unit	PKR 101.1818
Launch Date	April 14, 2007	Duration (months)	4.16
Dealing Frequency	Daily	Standard Deviation	0.20%
Capital Gains Tax	As per tax laws	Sharpe Ratio	0.74
Pricing	Forward Day	Information Ratio	(0.02)
Sales Load	Currently 0%	Return (April)	9.53%
Asset Class	Fixed Income	Expense Ratio *	1.57%
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	Muhammad Umair Chauhan		

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

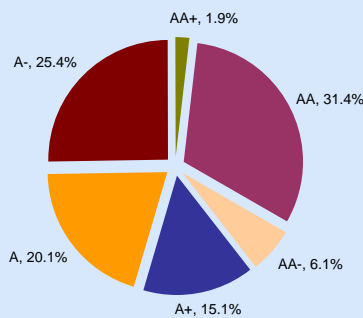
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using monthly returns for FY08 and Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

## Fund Position as at April 30, 2008

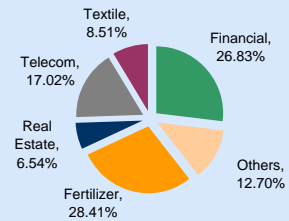
### Asset Allocation



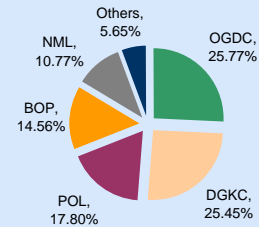
### Credit Splits



### TFC Portfolio



### CFS & RBFS Portfolio



**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.

**IGI**  
Funds

## 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 - April 2008

### Environment

The new government passed on the effect of rising fuel prices to the end-consumers, resulting in a direct impact on inflation. The fiscal situation, coupled with all-time high oil prices in the international market, does not permit fuel subsidies to be kept at the previous level.

Inflation for the period July – March 2008 stood at 9.50%, whereas, for the month of March (on YoY basis), it stood 14.10% - the highest level in the history. Inflation is expected to stay between 10.50% & 11.00% by fiscal year-end.

Overnight repo rates averaged 9.52%, slipping down from the discount level during the middle part of the month. SBP was able to sell Rs.40.66bn worth T-Bills against a maturity of Rs.87.67bn. Cutoff for the Bills remained almost unchanged.

One and six month KIBOR averaged 10.02% and 10.37%, respectively. TDR rates for one month remained unattractive as banks tried to cover their June crossing position. CFS averaged 11.73% against last month's 11.47%.

### Future Outlook

Should the government further increase fuel prices, it would have a direct effect on inflation and another spiral rise in commodity prices could be witnessed. The country is dependent on foreign remittances in the absence of GDRs or new sovereign bonds.

TDR rates for one month are expected to rise as banks would want to cushion their statements with higher deposits for the half-year accounts. Attraction for CFS is likely to increase in absence of other opportunities at higher yields.

### Fund Activity

In April, the Fund shuffled its exposure in placements that led to an increase in duration from 3.92 to 4.16 months. Exposures in RBFS and CFS were reduced to 0% and 1.86% from 1.18% and 2.53% from March.

### Fund Performance

As at 30th April, the Net Assets of the Fund stood at PKR 4.13 billion and the NAV per unit was PKR 101.1818.

The Fund yielded a return of 9.53% p.a. for the month compared to an average return of 10.02% p.a. for 1-month KIBOR (the benchmark).

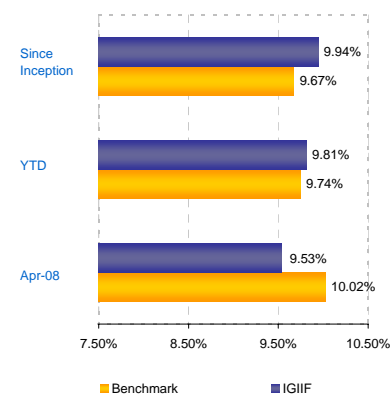
The weighted average duration of the portfolio is 4.16 months. The Standard Deviation, based on monthly returns, for FY08 is 0.20% - the lowest in the industry. The Sharpe Ratio and the Information Ratio for the same period were 0.74 and (0.02), respectively.

IGIIF continued to provide positive risk-adjusted returns with lower volatility as is evident from its leading position in the industry in terms of risk measures like Sharpe Ratio and Standard Deviation.

### Fund Strategy

The fund will stay invested in short term instruments or avenues with short term maturities. This is in anticipation of rise in interest rates as a result of expected measures by SBP to curb higher than targeted inflation.

### Returns Comparison



### Rolling Returns

	IGIIF	Benchmark	OP/UP *
1M	9.53%	10.02%	-0.49%
2M	9.52%	10.01%	-0.49%
3M	9.51%	9.98%	-0.47%
6M	9.66%	9.87%	-0.21%
9M	9.78%	9.79%	-0.01%
12M	9.90%	9.66%	0.24%

\* OP = Out Performance and UP = Under Performance

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