

IGI Income Fund

Fund Manager's Report - August 2009

IGI Income Fund Rated "4 Star" by PACRA

AMC Rated "AM3" by PACRA

Fund Facts

Asset Class	Fixed Income
Fund Type	Open-end
Fund Lifespan	Perpetual
Benchmark	1-month KIBOR
Launch Date	April 14, 2007
Dealing Frequency	Daily
Capital Gains Tax	As per tax laws
Pricing	Forward Day
Sales Load	Nil
Management Fee	1.25%
Par Value of the IGIIF certificate	PKR 100/-
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 Stats

Duration (months)	3.50
Standard Deviation	0.12
Sharpe Ratio	-0.13
Information Ratio	-0.17
Expense Ratio *	1.56%

August '09

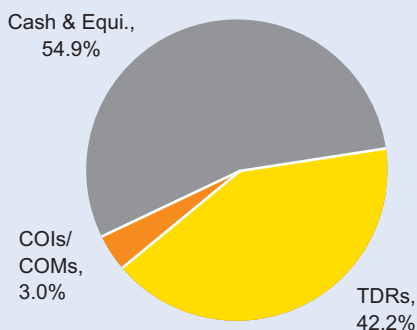
Fund Size (PKR mn)	2,241
NAV (PKR)	101.9500
Monthly Return	9.46%

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

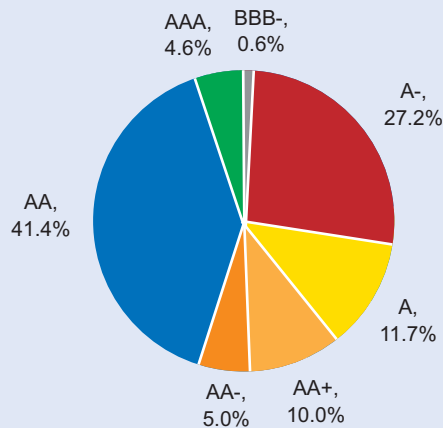
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at August 31, 2009

Asset Allocation



Credit Splits



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 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 - August 2009

Environment

Slow recovery signs for the economy are evident in the month under review. Bulk of foreign remittances have helped stabilize and buckle up the national foreign wealth. Furthermore, the newly approved additional loan from IMF save relief to the economy.

However major shifts of the budgetary borrowing were witnessed towards the State Bank of Pakistan (SBP) nearing the end of the period under review. Therefore, the central bank pumped in liquidity through reverse repo transactions to supplement the vacuum created in August-end.

The CPI for Jul '09 stood at 11.20% Y-o-Y, an improvement from previous month's 13.10% Y-o-Y. Measures for CPI contraction are important, to help SBP in adjusting the discount rate downwards. Therefore, much emphasis is towards the retardation of the inflation going forward.

Future Outlook

Following the MPS by the SBP in August, the market awaits the press release on a future discount rate by end September.

We believe the SBP will be hard pressed to keep inflation controlled in the month of Ramzan, coupled with festive withdrawals from banks and quarter-end for financial accounts. This sums up a tight situation and market is highly likely to be borrowing at rates matching or higher than the discount rate.

Fund Activity

The Fund placed two TDRs with 'AA+' rated commercial banks for one-year tenor each. As TDR rates started to dip, it was feasible to lock in rates in longer tenors to avail the maximum benefit in the falling rate scenario.

The Fund remained high with Cash & cash equivalents and plans to make further placements in shorter tenors and look for opportunities in government securities.

Fund Performance

The Fund closed the month with net assets of PKR 2,241 million, with the NAV standing at PKR 101.9500. The Fund currently enjoys a Standard Deviation of 0.12 and an Expense Ratio of 1.56%.

The Fund's yield remained close to deposit rates offered by banks. Few basis points slip was witnessed due to loss on accruals of the Zakat calculation days.

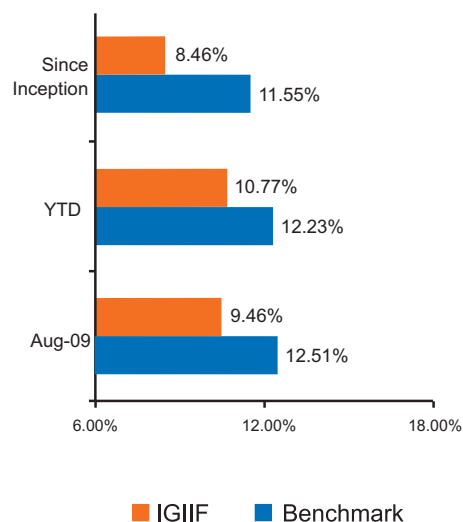
Preservation of the capital, and additional income on investments of the investor remains the prime objective of the Fund.

Fund Strategy

The Fund is likely to make placements in short term, to avail re-placements during the December period.

Furthermore, the Fund plans to make reverse repo transactions to earn additional premium over bank deposit rate. Investments in TFCs going forward might be a viable option.

Returns Comparison



*Calculation of the returns

The returns of the fund are calculated as per the MUFAP's standard methodology, Morning Star Model. The model referred (Ref: MUFAP/08-09/MEM01/04) was circulated through a letter on July 04, 2008.

IGI Stock Fund

Fund Manager's Report - August 2009

AMC Rated "AM3" by PACRA

Fund Facts

Asset Class	Equity
Fund Type	Open-end
Fund Lifespan	Perpetual
Benchmark	KSE-100
Launch Date	July 15, 2008
Dealing Frequency	Daily
Capital Gains Tax	As per tax laws
Pricing	Forward Day
Sales Load	2.50%
Management Fee	2.00%
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 Stats

Beta	0.79
Standard Deviation	0.02
Information Ratio	0.20
Return (since incep.)	60.73%

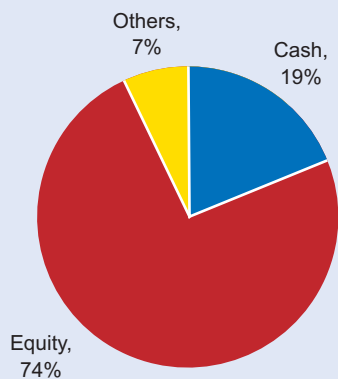
August '09

Fund Size (PKR mn)	373.77
NAV (PKR)	130.12
Monthly Return	11.75%

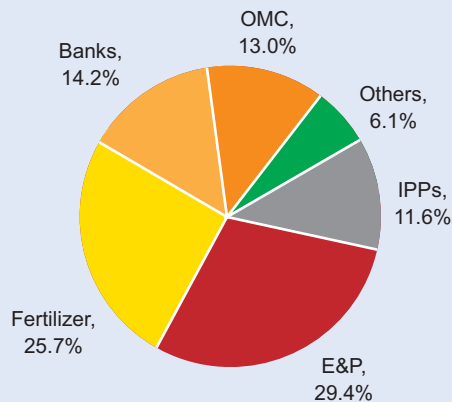
Note: Standard Deviation and Information Ratio have been calculated using daily returns.

Fund Position as at August 31, 2009

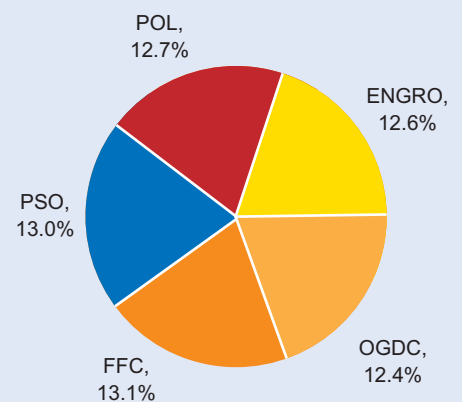
Asset Allocation



Sector Allocation*



Top Five Holding*



*Sector allocation and top five holdings are a percentage of total Equity holding

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IGI
Funds

Investment Objective

The investment objective of IGI Stock Fund (IGISF) is to seek long-term capital growth by investing primarily in a diversified pool of equities and equity related instruments. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance with applicable laws.

Investment Review - August 2009

Environment

The KSE-100 has achieved two milestones within August '09; the first, breaking and sustaining the psychological 8,000 mark. The second, surpassing the 8,500 mark and achieving the highest level for CY09. For the month, this is an appreciation of 13% and 77% since the lowest level in CY09.

In addition, considerable inflow has been seen in the form of Home remittances to the tune of USD 747Mn in Jul '08. Also the foreign quarter has shown much interest being net buyers of USD 69.7Mn. The delayed MPS announced a 100bps cut bringing the DR down to 13%. The SBP also introduced a "corridor" on Repo Rates, with the DR being the ceiling and the floor 300bps under the DR. The slash was in line with market expectations, as CPI has reduced to 11.2% for July 08.

The month also saw investments (Sindh Government with Engro on Thar Coal extraction project) and mergers (MCB acquiring RBS operations), which will benefit the market in the long term.

Future Outlook

The market is technically at its peak. However, continued foreign interest, relatively greater volumes and at par corporate results bolster the market. Therefore, focus should be placed on individual scrips which are nearing their target prices. The index will witness high turnover in blue chip scrips, in line with their index weights.

Fund Activity

IGI SF maintained the strategy to trim exposure at strategic levels as the market ascended over the period. The fund increased/decreased exposure as the market oscillated between a range, realising capital gains and investing in scrips with solid upside potential.

Fund Performance

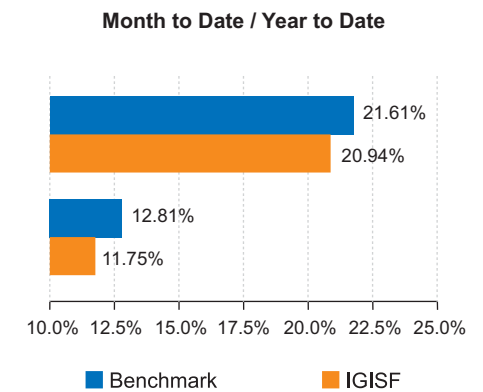
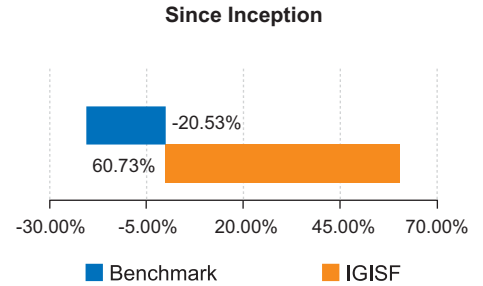
IGI SF performed well in the rising market, registering a MTD return of 11.75% against the benchmark of 12.81%. On YTD basis, the fund generated a return of 20.94% against the index appreciating 21.61%, during the same period.

IGI SF currently has a Beta of 0.79, and enjoys an Information Ratio of 0.20, the highest amongst its peers.

Fund Strategy

The market is now entering uncharted territory with no abnormal appreciation in sight. Therefore, technically inflated scrips would be trimmed in favor of those with relatively greater upside potential. The fund will maintain a strong position in key sectors to capitalise on spikes that the index may incur during the coming month.

Returns Comparison



IGI Funds Limited

7th floor, The Forum, Suite 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi - 75600, Pakistan.

UAN: (+92.21) 111.367.444 (111.FOR.IGI) Fax: (+92.21) 111-567-567, 5306750

Email: funds.services@igi.com.pk