

## MARKET: ENVIRONMENT & OUTLOOK

### Economic Overview & Outlook

The Country went through a series of domestic insurgency for the period under review. Furthermore, problems multiplied due to economic imbalances - losing FDI, twin deficits and higher budgetary borrowings. However, relief stepped in with IMF's scheduled tranche of USD 1.20bn, three days before the December-end. Furthermore, remaining installments are to be received in the following 11 months. The CPI for Nov '09 stood at 10.50% Y-o-Y. Inflation is likely to gain strength, on account of administrative issues and high expected oil prices. Possibility of any cut in discount rate is likely to be ruled out, to curb the inflation going forward.

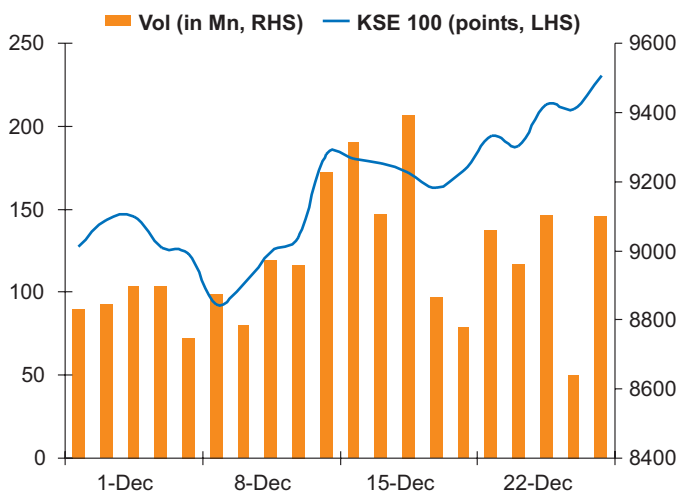
We do not expect any cut in interest rates for the upcoming Monetary Policy Statement (January). However, there still remains re-investment risk for the maturities in the first quarter. KIBOR is likely to settle down in contrast with the month under review, with return of liquidity in the banking system. Therefore TFCs are expected to appreciate in the absence of higher placements with commercial banks. Market players are highly probable to target tenors at least with minimum maturity of three months.

### Equity Market Overview & Outlook

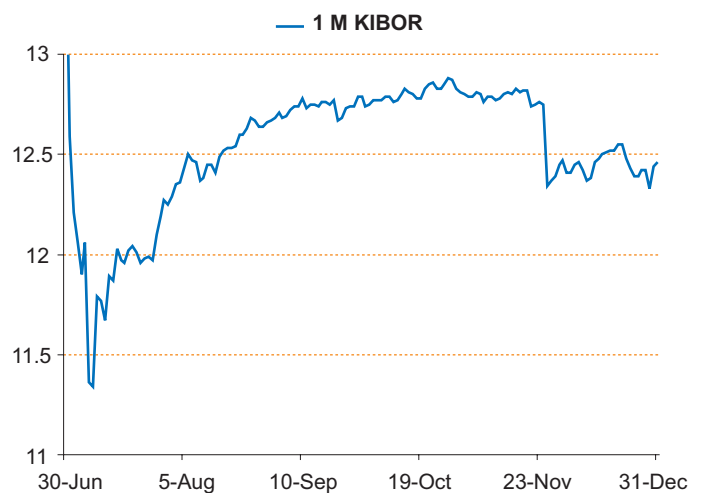
December proved to be a quiet month for the stock market. Trading activity was stunted by the law and order situation in key cities, which reduced the number of trading sessions towards the end of December. Over the month, the market gained 1.96% MoM, a marked improvement on November's gain of 0.51%. Average volumes were only 119Mn for the month, 9.6% less than November figures. Subsequently, FIPI figures remained on the dull side during the period under review. Foreigners were net buyers to the tune of USD 4.23Mn in December, 67% less than the November figure of USD 12.81Mn.

The KSE 100 index level shows promise in the upcoming 3QFY10. Key triggers such as robust corporate results, MPS outcome, realization of foreign inflow commitments, softening of the intercorporate debt will drive the market forward. At the same time fresh allocations for Pakistan could see renewed foreign flow momentum. Trading volumes will be marred by the law and order environment, correcting the market on short term basis. This will provide accumulation chances to investors.

### KSE-100 Movement



### KIBOR Movement



### Members of Investment Committee

Chairperson	<b>Maheen Rahman</b>	<i>Chief Executive Officer (CEO)</i>
Member	<b>Syed Muhammad Zeeshan</b>	<i>Chief Financial Officer (CFO)</i>
Secretary	<b>Muddasir Ahmed Shaikh</b>	<i>Chief Investment Officer (CIO)</i>
Member	<b>Talib Wahab Shubaily</b>	<i>Portfolio Manager</i>
Member	<b>Syed Saifullah Kazmi</b>	<i>Portfolio Manager</i>

**Disclaimer:** All investments in Mutual Funds are subject to market risk. The NAV based prices of units & any dividends/returns thereon are dependant on factors affecting the financial markets. These may go up or 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.

## Basic Fund Information

Asset Class	Fixed Income	Pricing	Forward Day
Fund Type	Open-end	Sales Load	Nil
Fund Lifespan	Perpetual	Management Fee	1.25%
Benchmark	1Month KIBOR	Min Initial Investment	PKR 5,000/-
Launch Date	April 14, 2007	Min Subsequent Investment	PKR 1,000/-
Dealing Frequency	Daily	Trustee	CDC Pakistan Limited
Capital Gains Tax	As per tax laws	Auditor	KPMG, Taseer Hadi & Co.
Par Value of IGIF Certificates	PKR 100/-	Listing	Lahore Stock Exchange

## Investment Objective

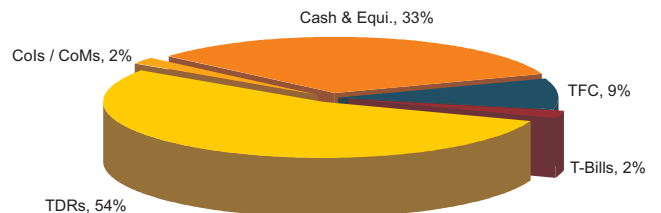
The investment objective of IGI Income Fund (IGIF) is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the Unit Holders. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards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

## Fund Statistics

	Nov-09	Dec-09
Fund Size (PKR in Mn)	2,189	2,145
NAV (PKR)	104.3604	105.5393
Duration (Months)	3.60	3.39
Standard Deviation	0.12	0.11
Sharpe Ratio	(0.14)	(0.14)
Information Ratio	(0.18)	(0.18)
Expense Ratio**	1.57%	1.57%

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

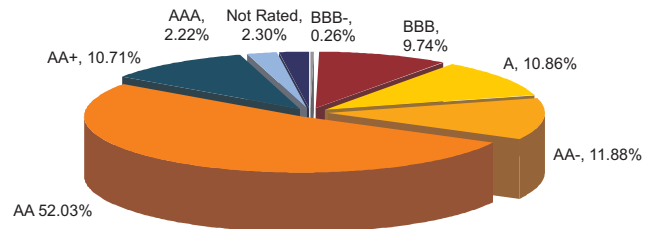
## Asset Allocation



## Asset Allocation (%age of Assets)

	Nov-09	Dec-09
Cash & Equivalents	26.9%	33%
COI's/COM's	2.4%	2%
Term Finance Certificates	6.4%	9%
Treasury Bills	13.5%	2%
Term Deposit Receipts	50.9%	54%

## Credit Splits



## Returns

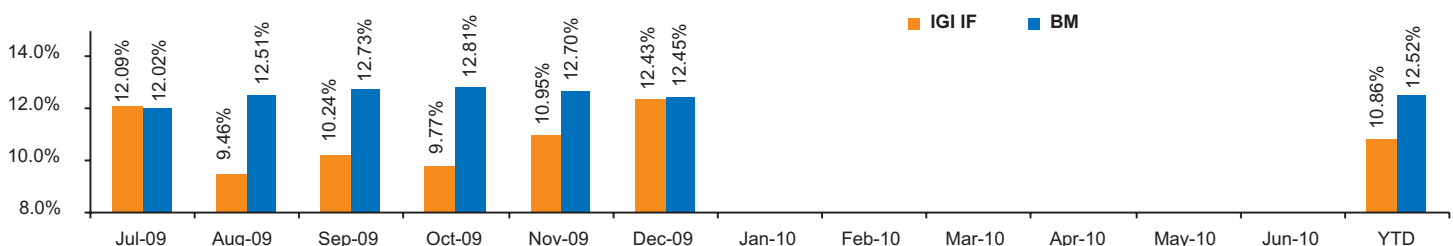
	BM	IGI IF
Month to Date	12.45%	12.43%
Year to Date	12.52%	10.86%
Since Inception	11.69%	8.76%

## Fund Performance & Strategy

The Fund shed its position in T-Bills, and reshuffled its TFC portfolio to provide decent capital gains to unitholders for the period under review. The Fund remained healthy in Cash & Cash Equivalents to take advantage of high yielding deposits. The IGIF closed the month with net assets of PKR 2,145 million, with the NAV standing at PKR 105.5393. The Fund currently enjoys a Standard Deviation of 0.11 and an Expense Ratio of 1.57%. The Fund's yield remained highly attractive in comparison to deposit rates offered by banks.

Preservation of the capital, and additional income on investments of the investor remains the prime objective of the Fund. Upcoming maturities would be rolled over for at least three months or longer, in anticipation of no further cyclical appreciation in the interest rates. Interest rates are expected to fall after the current fiscal year. Therefore, longer tenors will be sought for the Fund as the FY10-end draws closer.

## Rolling Returns: 1M KIBOR vs. IGI IF





# IGI Stock Fund

Fund Rated "5 Star" by PACRA  
AMC Rated "AM3" by PACRA

Fund Manager: **S. Saifullah Kazmi**

## Basic Fund Information

Asset Class	Equity	Pricing	Forward Day
Fund Type	Open-end	Sales Load	2.50%
Fund Lifespan	Perpetual	Management Fee	2.00%
Benchmark	KSE-100	Min Initial Investment	PKR 5,000/-
Launch Date	July 15, 2008	Min Subsequent Investment	PKR 1,000/-
Dealing Frequency	Daily	Trustee	CDC Pakistan Limited
Capital Gains Tax	As per tax laws	Auditor	KPMG, Taseer Hadi & Co.
		Listing	Lahore Stock Exchange

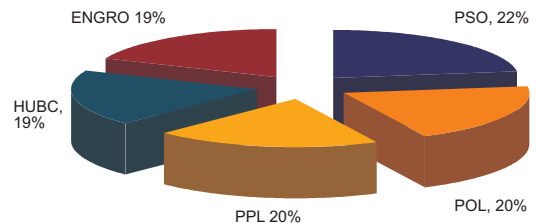
## Investment Objective

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

## Fund Statistics

	Nov-09	Dec-09
Fund Size (PKR in Mn)	519	475
NAV (PKR)	136.5545	139.0266
Beta	0.85	1.02
Standard Deviation	0.02	0.02
Information Ratio	0.17	0.17

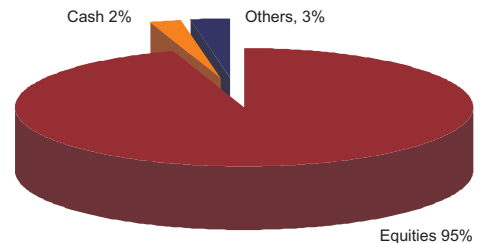
## Top 5 Holdings\*



## Asset Allocation (%age of Assets)

	Nov-09	Dec-09
Equities	80.0%	95.0%
Cash	18.0%	2.2%
Others	2.0%	2.8%

## Asset Allocation



## Returns

	BM	IGI SF
Month to Date	1.96%	1.81%
Year to Date	31.06%	29.23%
Since Inception	(14.35%)	71.74%

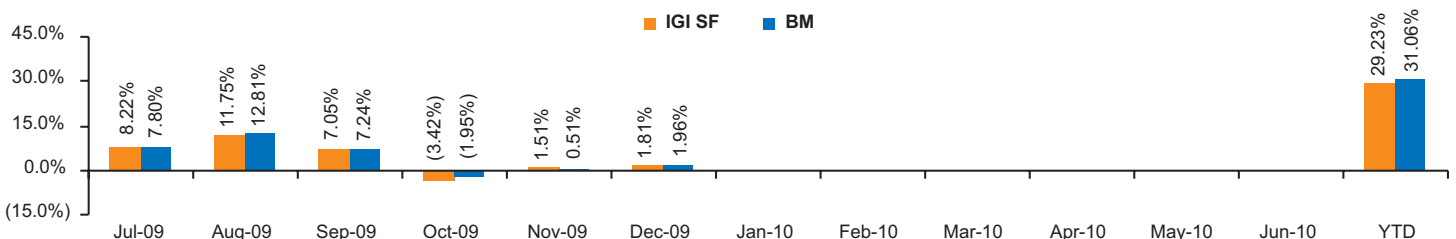
\*Top 5 Holdings are %age of equity holding

## Fund Performance & Strategy

IGI SF maintained an average exposure of 89% throughout December'09. The Fund increased its weight age mainly in Commercial Banks and OMC's, whilst maintaining the same weight age in other key sectors. The top sectors for IGI SF were E&P, Fertilizer, OMCs and Banks. IGI SF recorded MTD return of 1.81%, against the index return of 1.96%, during the period under review. On YTD basis, IGI SF registers a return of 29.23% (BM: 31.06%).

IGI SF will maintain its strategy of being heavily exposed in the KSE-100. Concentration will lie mainly in blue chip stocks, as we believe, realization of key triggers will propel the index forward.

## Rolling Returns: KSE-100 vs. IGI SF





# IGI Islamic Income Fund

AMC Rated "AM3" by PACRA

Fund Manager: Talib Wahab Shubaily

## Basic Fund Information

Asset Class	Islamic Income	Pricing	Forward Day
Fund Type	Open-end	Sales Load	1.00%
Fund Lifespan	Perpetual	Management Fee	1.50%
Benchmark	Average deposit rate of 6mth TDRs	Min Initial Investment	PKR 5,000/-
Launch Date	December 3, 2009	Min Subsequent Investment	PKR 1,000/-
Dealing Frequency	Daily	Trustee	CDC Pakistan Limited
Capital Gains Tax	As per tax laws	Auditor	KPMG, Taseer Hadi & Co.
Par value	PKR 100/-	Listing	Lahore Stock Exchange

## 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.

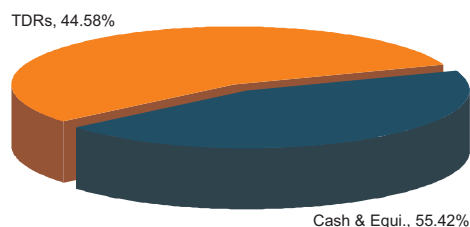
## Fund Statistics

Dec-09

Fund Size (PKR in Mn)	341
NAV (PKR)	100.7472
Duration (Months)	0.41
Standard Deviation	N/A
Sharpe Ratio	N/A
Information Ratio	N/A
Expense Ratio*	2.01%

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

## Asset Allocation

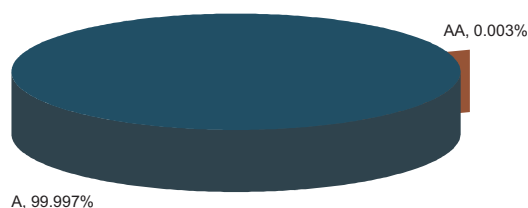


## Asset Allocation (%age of Assets)

Dec-09

Cash & Equivalents	55.4%
Term Deposit Receipts	44.6%

## Credit Splits



## Returns

BM IGI IIF

Month to Date	8.64%	10.19%
Year to Date	N/A	N/A
Since Inception	N/A	N/A

## Fund Performance & Strategy

The Fund landed with more than half of the portfolio was as Cash & Cash Equivalents for the period under review. Remainder of the assets were placed in TDRs of short to medium term, to ensure longer benefit of the returns. The IGI Islamic Income Fund closed the month with net assets of PKR 341 million, with the NAV standing at PKR 100.7472. The Fund's yielded highly attractive profit in comparison to its benchmark.

Preservation of the capital, and additional income on investments of the investor remains the prime objective of the Fund. The Fund would rollover maturities in medium to long term placements with Islamic banks. Rates for short term placements are likely to drop, as secured previously in December. The Fund does not plan to enter Sukuks in the short term.

## Rolling Returns: Avg Deposit Rates For 6M TDR vs. IGI IIF

