

## MARKET: ENVIRONMENT & OUTLOOK

### Money Market Overview & Outlook

During the period under review, the Money Market liquidity situation remained taut, due to the absence of significant inflows into the banking system. In particular Money Market rates shot up in the middle of the month after the announcement of a 13.7% Y-o-Y inflation for January, closing the gap between market rates and the SBP Policy Rate. Yields of government securities escalated, especially the 12-mth T-Bill which was just shy of 16bps compared to the discount rate, in the latest T-Bill auction.

Looking ahead, the following month has several key events. The main event will be the Monetary Policy review, where the discount rate is unlikely to alter. This assumption comes with the continued high trend in inflation rates in the face of rising commodity retail prices (POL products). Participation in the forthcoming PIB auction and IMF's scheduled tranche payout, expected at the end of March 2010, will also provide triggers for the market.

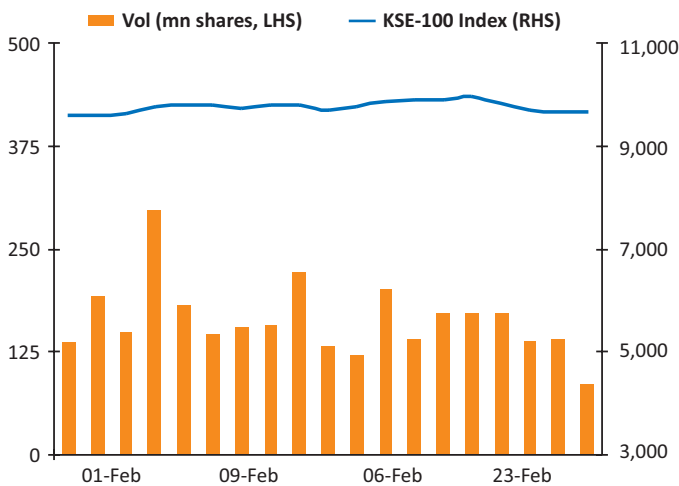
### Equity Market Overview & Outlook

During the month of February, the market remained locked within a tight band, ranging 350 points from a low of 9,600 to a high of 9,953. Yet again the market was unable to scale the 10,000 psychological barrier. Volumes remained on the lower side during the month; 10.5% lower than January, registering at 163.6Mn shares on average. Despite healthy corporate results from key sectors, investors remained on the sidelines. FPI registered the foreign quarter activity rising 10% MoM, where foreigners remained net buyers to the tune of USD16.7Mn.

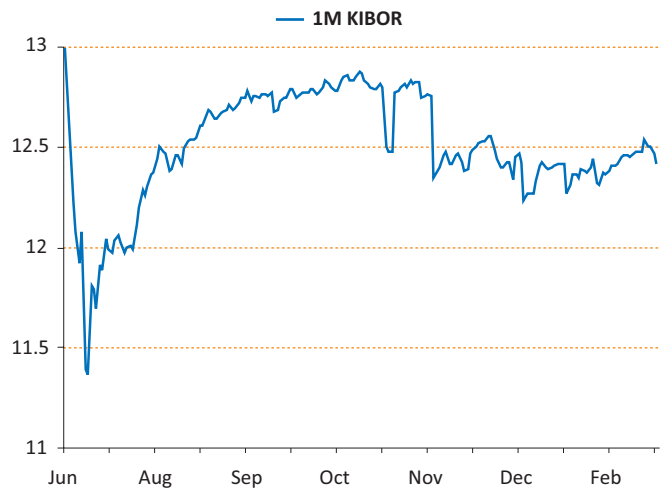
Another reason for the abysmal volume was the introduction of Capital Gains Tax framework on securities. The tax will be levied from 1st July 2010 onwards. This prompted offloading in stocks, despite robust result announcements and strong valuations. On a lesser note, the Finance Minister Shaukat Tarin's resignation also reduced investor confidence somewhat.

Going forward, the market has fewer triggers to push it beyond the 10,000 mark. We expect cherry picking of fundamentally strong shares and range bound trading. The next milestone would be the March Monetary Policy Committee review, where a slash in the DR would be welcomed, but is unlikely to materialize given inflationary pressure.

### 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.



# IGI Income Fund

Fund Rated "3 Star" by PACRA  
AMC Rated "AM3" by PACRA

Fund Manager: **Talib Wahab Shubaily**

## 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	PKR 100/-	Listing	Lahore Stock Exchange

## Investment Objective

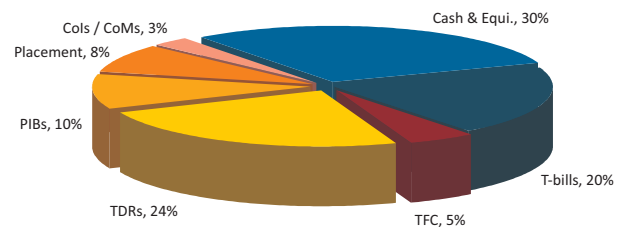
The investment objective of IGI Income Fund (IGIIF) is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the Unit Holders. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards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

## Fund Statistics

	Jan-10	Feb-10
Fund Size (PKR in mn)	2,558	3,016
NAV (PKR)	101.5096	102.3346
Duration (Months)	3.54	16.41
Standard Deviation	0.11	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.

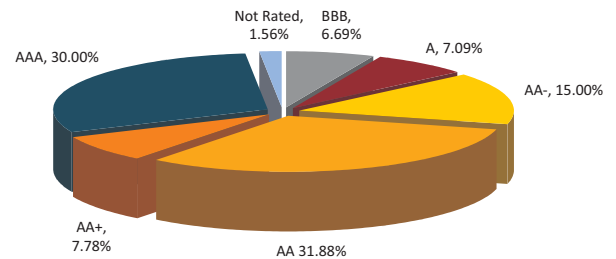
## Asset Allocation



## Asset Allocation (%age of Assets)

	Jan-10	Feb-10
Cash & Equivalents	55%	30%
COI's/COM's	3%	3%
Term Finance Certificates	2%	5%
Treasury Bills	0%	20%
Pakistan Investment Bonds	0%	10%
Placement	0%	8%
Term Deposit Receipts	40%	24%

## Credit Splits



## Returns

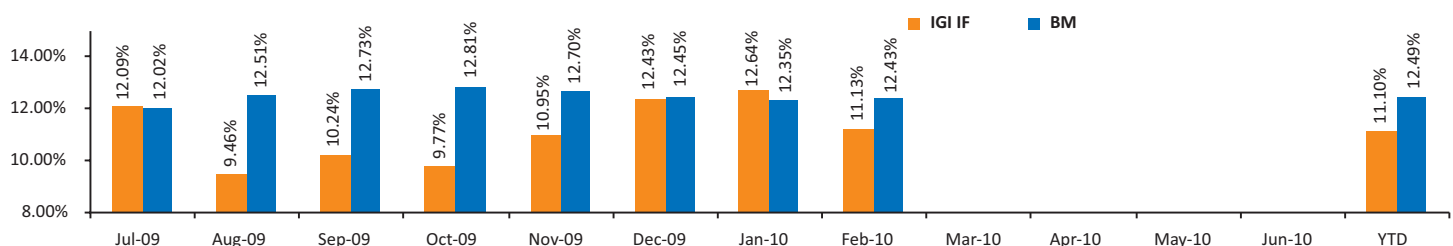
	BM	IGI IF
Month to Date	12.43%	11.13%
Year to Date	12.49%	11.10%
Since Inception	11.72%	8.93%

## Fund Activity

The Fund witnessed fresh placements in T-Bills, PIBs and LoP in the month under review. Greater emphasis was focused on medium to long term placements, given the steady interest rate scenario. The Fund's duration was increased due to recent placements in PIBs and long term CoD.

However, the market is expected to ease off, once the CPI figures are released. The announcement is expected to be lower to the last high inflationary levels Y-o-Y. Furthermore, rates for marketable securities are likely to decline, in the wake of low ADRs of banks. Rates for fixed deposits on tenors are expected to recede, therefore interests in TFCs is likely to be developed.

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





# 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.
Par Value	PKR 100/-	Listing	Lahore Stock Exchange

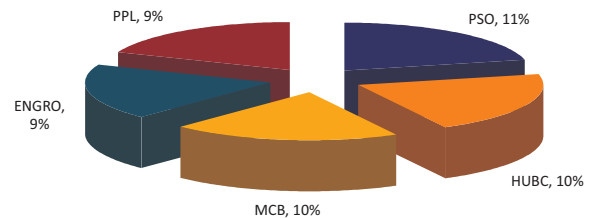
## Investment Objective

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, management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance of applicable laws.

## Fund Statistics

	Jan-10	Feb-10
Fund Size (PKR in mn)	475	486
NAV (PKR)	140.6837	142.9303
Beta	1.00	0.93
Standard Deviation	0.02	0.01
Information Ratio	0.16	0.16

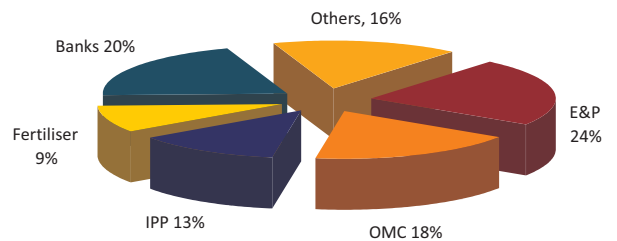
## Top 5 Holdings\*



## Asset Allocation (%age of Assets)

	Jan-10	Feb-10
Equities	93.6%	88.0%
Cash	5.6%	11.1%
Others	0.8%	0.8%

## Sector Allocation\*



## Returns

	BM	IGI SF
Month to Date	0.45%	1.60%
Year to Date	34.84%	32.86%
Since Inception	(11.88%)	76.56%

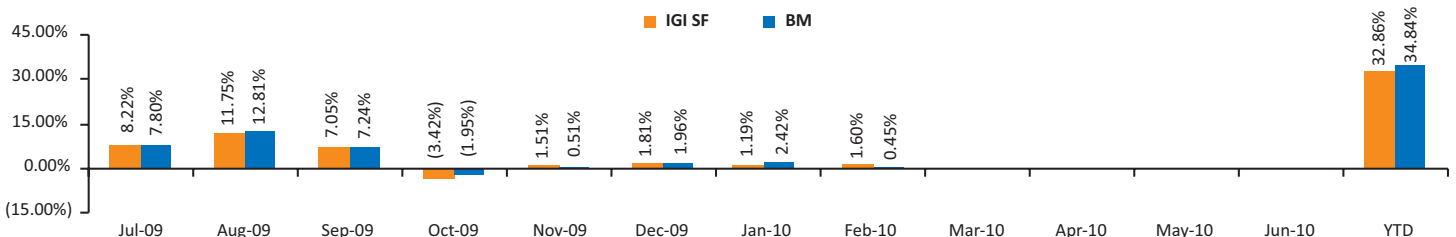
\*Top 5 Holdings and Sector Allocation are %age of total equity holding

## Fund Activity

IGI SF outperformed the index during the month under review, generating MTD return of 1.6% (BM: 0.45%) and YTD return of 32.9% (BM: 34.8%). During February, the fund maintained an average exposure of 91%, with the maximum exposure being in E&P, Commercial Banks and OMCs, followed by IPPs. The fund realized its capital gains as the market neared its peak of 9,900.

Going forward, the investment strategy will be to maintain a strong presence in the market. Concentration will remain on fundamentally strong scrips trading at a discount. The market is expected to remain range bound. Hence, a small percentage of the exposure will be maintained for trading purposes to capture short term gains.

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





# 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	Avg. of 6mth TDRs of 3 Islamic banks	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 Islamic Income Fund (IGIIIF) is to minimize risk, construct a liquid portfolio of Shariah approved fixed income investments 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

Jan-10 Feb-10

Fund Size (PKR in mn)	396	372
NAV (PKR)	101.4548	102.1689
Duration (Months)	1.30	0.82
Standard Deviation	0.01	0.01
Information Ratio	3.07	4.28
Expense Ratio*	2.04%	2.05%

\*Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns.

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

## Asset Allocation (%age of Assets)

Jan-10 Feb-10

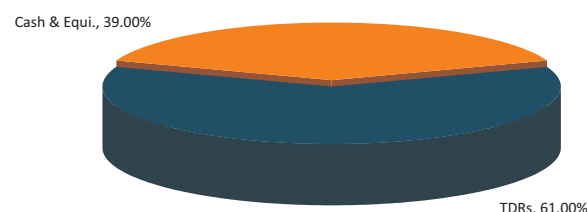
Cash & Equivalents	43%	39%
Term Deposit Receipts	57%	61%

## Returns

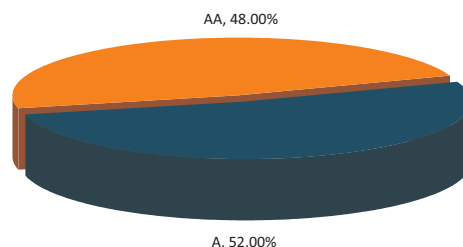
BM IGI IIF

Month to Date	7.53%	9.57%
Year to Date	7.57%	9.65%
Since Inception	7.57%	9.65%

## Asset Allocation



## Credit Splits



## Fund Activity

The Fund continued with the same strategy of being heavy in TDRs . No major reshuffling was experienced in the portfolio. Maturities are lined up in the subsequent months, therefore deployment in the TDRs would be at competitive yields with high rated banks.

The Fund continues to lay emphasis on TDR placements going forward, to avoid volatility from Sukuks.

## Rolling Returns: IGI IIF vs. Benchmark

