

IGI Income Fund

Fund Manager's Report - January 2008

Fund Facts

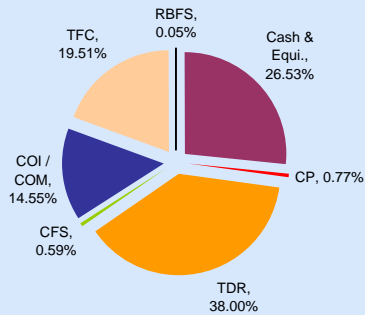
Management Company	IGI Funds Limited	Benchmark	1-month KIBOR
Fund Type	Open-end	Fund Size (Net Assets)	PKR 3,130 Million
Fund Lifespan	Perpetual	NAV per Unit	PKR 105.8143
Dealing Frequency	Daily	Duration (months)	4.75
Capital Gains Tax	As per tax laws	Standard Deviation	0.24%
Pricing	Forward Day	Sharpe Ratio	1.12
Sales Load	Currently 0%	Information Ratio	0.34
Asset Class	Fixed Income	Return (January)	9.77%
Management Fee	1.25%	Expense Ratio *	1.57%
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.

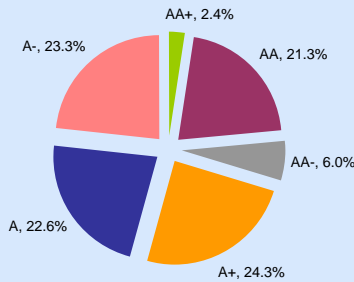
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using monthly returns for FY08 and Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at January 31, 2008

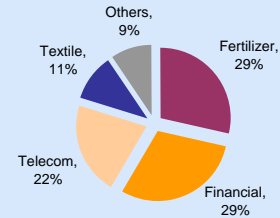
Asset Allocation



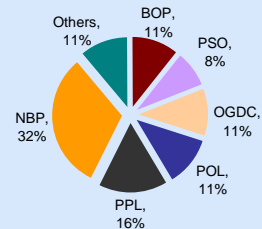
Credit Splits



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 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 - January 2008

Environment

The two most significant events for the month under review were the PIB auction and the announcement of Monetary Policy Statement by the State Bank of Pakistan (SBP) for the second half of FY08. The SBP raised the discount rate by 50bps to 10.50% and CRR by 100bps on deposits up to one year maturity. Rising CPI, core inflation, and money supply compelled the SBP to further tighten its monetary stance. The same was hinted in the PIB auction results where the cut offs were increased on all tenors from 40bps to 63bps.

Money market overnight borrowing eased during the last week of the month and a similar trend was seen in KIBOR as the market remained largely liquid. The SBP also scrapped the last T-Bill auction as it only attracted a participation of PKR 5.7 billion against the target of PKR 65 billion, and that too at very low bids.

TDR placements at lucrative rates were next to impossible as banks took a cautious stance and avoided high cost deposits. Activity in the TFC market remained dull and restricted to a couple of issues. CFS rates came down to 10.80% at month-end from 17.61% at December end.

Future Outlook

Rising fiscal and current deficit with few financing options are a cause of concern for the SBP as well as the government. High interest rates, along with anticipated slowdown in US and Global economy, are expected to check our economic pace as well. High food and commodity prices globally are adding to the worries. We may possibly see further rise in yields of government securities.

TDR rates are expected to remain range bound with possible decline in short term TDR rates. CFS rates may improve after a rise in KIBOR.

Fund Activity

During January, IGIIF kept its position liquid by not rolling over TDR maturities in the later half of the month in anticipation of a rise in interest rates that actually materialized toward the end of the month. Small exposure was taken in Commercial Papers, CFS and RBFS.

Fund Performance

As at January 31, 2008, Net Assets of the Fund stood at PKR 3.13 billion. The per unit NAV at period end was PKR 105.8143. The Fund yielded 9.77% p.a. for the month compared to an average return of 9.83% p.a. for 1-month KIBOR and industry average of 9.15% p.a.

The Weighted Average Duration of the portfolio is 4.75 months. The Standard Deviation of the monthly returns for FY08 is 0.24% - amongst the lowest in the industry. The Sharpe Ratio (measured against 3-month T-Bill) and the Information Ratio (measured against Benchmark) was 1.12 and 0.34, respectively.

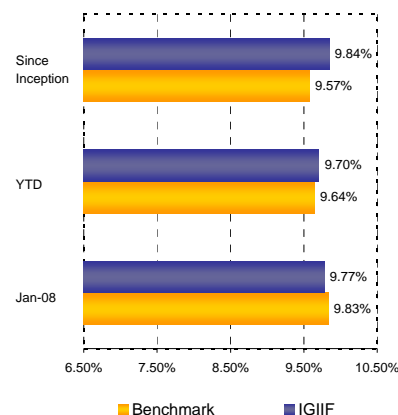
IGIIF is invested in fixed income instruments with a minimum rating of 'A-' and in fundamentally strong stocks through CFS and RBFS. Good quality portfolio with consistent performance, low volatility and early redemptions make it a good cash management solution for investors.

Fund Strategy

IGIIF plans to build its TFC portfolio without compromising credit quality and duration through secondary market as well as through participation in new issues. Exposure in government securities may be taken, if they justify in comparison to the risk adjusted yield on TFCs and TDRs.

IGIIF will also focus on short-term placements to remain liquid in the medium to long term to take advantage of the volatile interest rate scenario.

Returns Comparison



Rolling Returns

	IGIIF	KIBOR	OP/UP *
1M	9.77%	9.83%	-0.05%
2M	9.67%	9.82%	-0.15%
3M	9.57%	9.76%	-0.19%
6M	9.68%	9.70%	-0.02%
9M	9.80%	9.58%	0.21%
12M**	9.84%	9.57%	0.27%

* OP = Out Performance and UP = Under Performance

** Since April 14, 2007

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