

MARKET: ENVIRONMENT & OUTLOOK

Money Market Overview & Outlook

The State Bank of Pakistan announced the Monetary Policy Statement during the period under review. As expected the discount rate remained unchanged at 12.50%. The discount rate is least likely to shed in the upcoming two reviews to follow for the FY10, unless there are inflows from FoDP and regular IMF scheduled inflows.

Furthermore, CPI for Dec '09 stood at 10.52% Y-o-Y. Inflation is trending upwards in the wake of administrative issues and the high base effect creeping out. As long as the inflation is not confined or curbed back into single digits, possibility of rate cut is small.

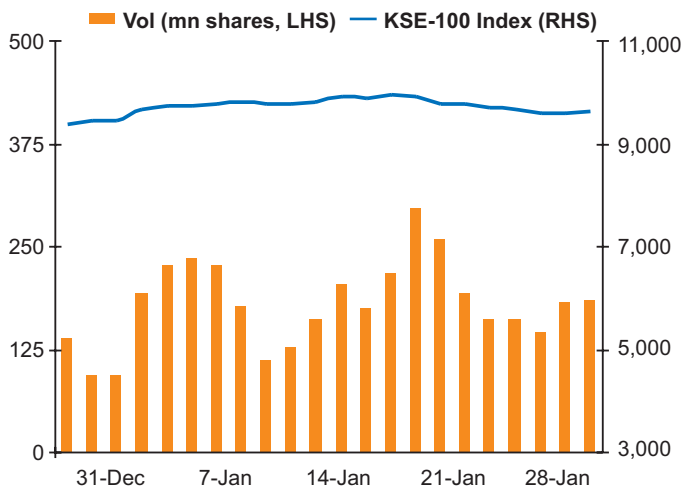
The money market is likely to remain in proximity to the discount rate, in absence of liquidity. The country is in dire need of fresh inflows into the banking system. Kibor is likely to settle down, as banks are not eager to borrow costly deposits. The situation is expected to remain unchanged, as long as banks and other financial institutions stay at arm's length from the advances to private sector. TDR rates are also likely to recede from the previous levels.

Equity Market Overview & Outlook

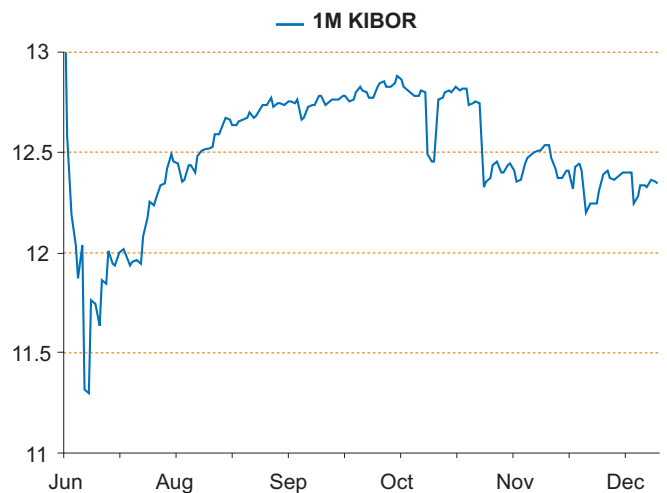
January proved to be an active month for the bourse, with the KSE-100 ascending to its highest level of 9,954 on closing basis. However, history repeated itself, as the index was not sustainable at these levels and dropped 3.6% to close at ~9,600 level. MoM improvement was apparent in the period under review, as index generated a return of 2.42% (46bps above last month's return) and average volumes ascended by 57% to register at 187.2Mn shares. The foreign quarter was active in the month, with the FIPI recording net buy position of USD 15.23Mn (262% higher MoM).

The main reason for the greater activity in January was robust corporate results and the anticipation of a discount rate cut. However, SBP left the DR unchanged, neutralizing that trigger. The bulk of the corporate results have yet to come through in the coming weeks. Going forward, we expect the market to perform in the advent of better results in key sectors. Investors will cherry pick for fundamentally strong scrips which are trading at fundamental discount.

KSE-100 Movement



KIBOR Movement



Members of Investment Committee

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

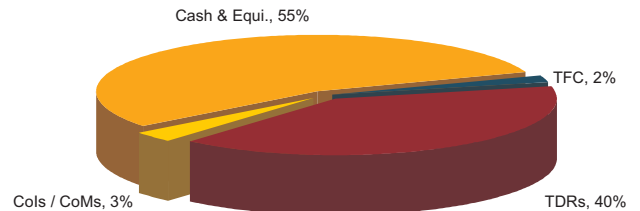
Fund Statistics

	Dec-09	Jan-10
Fund Size (PKR in mn)	2,145	2,558
NAV (PKR)	105.5393	101.5096
Duration (Months)	3.39	3.54
Standard Deviation	0.11	0.11
Sharpe Ratio	(0.14)	(0.14)
Information Ratio	(0.18)	(0.18)
Expense Ratio**	1.57%	1.57%

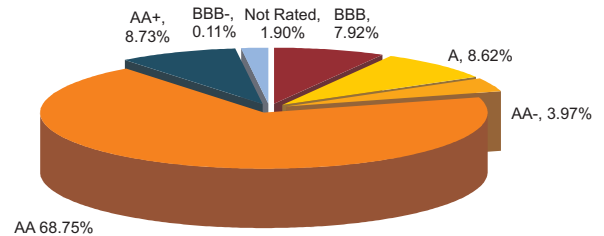
*Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

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

Asset Allocation



Credit Splits



Asset Allocation (%age of Assets)

	Dec-09	Jan-10
Cash & Equivalents	33%	55%
COI's/COM's	2%	3%
Term Finance Certificates	9%	2%
Treasury Bills	2%	0%
Term Deposit Receipts	54%	40%

Returns

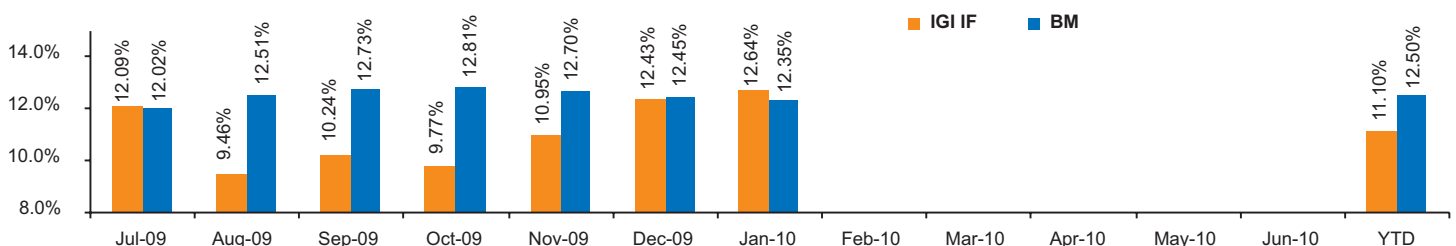
	BM	IGI IF
Month to Date	12.35%	12.64%
Year to Date	12.50%	11.10%
Since Inception	11.71%	8.87%

Fund Activity

On a month-on-month basis the Fund witnessed growth of 19% of Net Assets, resulting in higher allocation to Cash & Cash Equivalents. Lower TDR placements available in the market, also supported maturities to be parked as cash deposits. Furthermore, exposure to TFCs were minimized and kept at lower levels to avoid volatility in returns.

The Fund paid 90% of its earning in the Board Meeting in the period under review. The Payout was as follows: Growth unit holder was issued 4.9579 units for every 100 units held; and Income unit holder was paid PkR 4.9854/- for each unit held. The payouts were established for unit holders as on December 31, 2009. Going forward, the Fund would accumulate money market instruments, in absence of rate cut (in line with our expectations), to compensate for lowering yields on investments.

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

	Dec-09	Jan-10
Fund Size (PKR in mn)	475	475
NAV (PKR)	139.0266	140.6837
Beta	1.02	1.00
Standard Deviation	0.02	0.02
Information Ratio	0.17	0.16

Asset Allocation (%age of Assets)

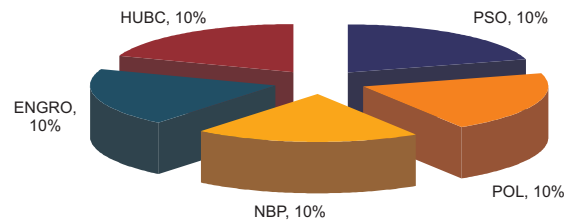
	Dec-09	Jan-10
Equities	95.0%	93.6%
Cash	2.2%	5.6%
Others	2.8%	0.8%

Returns

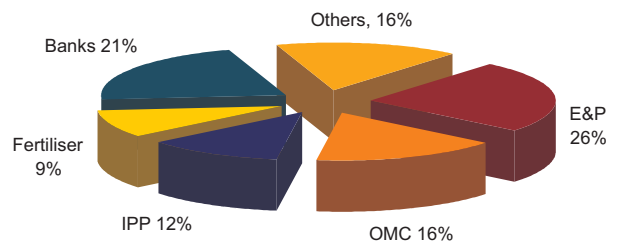
	BM	IGI SF
Month to Date	2.42%	1.19%
Year to Date	34.24%	30.77%
Since Inception	(12.28%)	73.78%

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

Top 5 Holdings*



Sector Allocation*

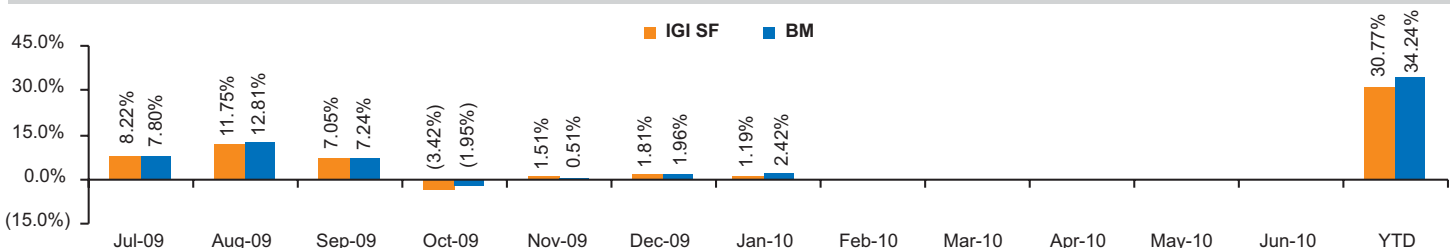


Fund Activity

IGI SF maintained an average exposure of 93.75% in equities during January'10. The main exposure remained in E&P, followed by Banks and OMC's, respectively. The fund generated a MTD return of 1.19% against the BM return of 2.42%. On YTD basis, the fund recorded a return of 30.77%, against the index performance of 34.24%. The under performance of blue chip stocks undermined the fund performance during the period.

Going forward, IGI SF will concentrate on selecting fundamentally strong scrips that are trading at their technical low. This will allow rapid appreciation in the NAV as the index gains momentum with volumetric trading activity.

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 (IGIIF) 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.

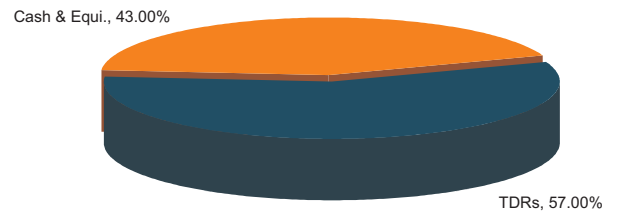
Fund Statistics

Dec-09 Jan-10

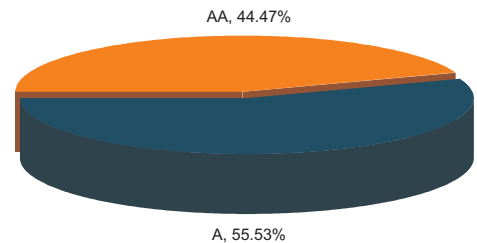
Fund Size (PKR in mn)	341	396
NAV (PKR)	100.7472	101.4548
Duration (Months)	0.41	1.30
Standard Deviation	N/A	0.01
Information Ratio	N/A	3.07
Expense Ratio*	2.01%	2.04%

*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



Credit Splits



Asset Allocation (%age of Assets)

Dec-09 Jan-10

Cash & Equivalents	55%	43%
Term Deposit Receipts	45%	57%

Returns

BM IGI IIF

Month to Date	7.59%	9.21%
Year to Date	7.60%	9.69%
Since Inception	7.60%	9.69%

Fund Activity

The Fund placed fresh TDRs against maturities in the month under review. Assets, previously parked with high rated bank, were allocated to TDRs leaving the cash deposits as 43% of the portfolio. Therefore, the Fund was able to generate competitive yields with high rated assets.

The Fund aims to continue with bank placements in the short-term. Accumulation of Sukuks are desired later, as bank rates shrink further, the Fund is likely to invest in government guaranteed Sukuks. Thin trading of Sukuk TFCs in the market was witnessed, but interests are likely to grow in absence of availability of Islamic financial instruments.

Rolling Returns: IGI IIF vs. Benchmark

