

Monthly Fund Review

January, 2011 Issue



<i>Contents</i>	<i>Page</i>
Economic & Capital Markets Review	
Fund Reviews	
IGI Income Fund	2
IGI Stock Fund	3
IGI Money Market Fund	4
IGI Islamic Income Fund	5
IGI Aggressive Income Fund	6



IGI Funds Limited
Rated "AM2-" by JCR-VIS

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.

Economic & Capital Markets Review

Economic Review

While SBP kept the Discount Rate stable at 14% in the Jan'11 monetary policy, it has raised its FY11 CPI estimate to 15%-16% from 14.5%-15.5%, previously. Foreign exchange reserves remained comfortable above USD 17Bn, more than 5 months import cover. As a result the PKR depicted stability versus the USD.

Looking ahead, the positive aspects for the economy include external improvement as Current Account attains a surplus of USD 26Mn in 1HFY11. In addition, GoP retired PKR 223Bn to SBP between mid-Dec'10-Jan 25'11 and committed to restrict borrowing as per political consensus. On the flipside, negative developments included the Tax Collection growth of 13%YoY in 1HFY11 against FY11 growth target of 26%YoY. During the period, Fiscal Deficit crossed PKR 500Bn (2.8% of GDP vs. 4.7% FY11 target). Rising trade deficit runs a risk stemming from rising international commodity prices, particularly oil. SBP has indicated FY11 GDP growth will register between 2%-3%, with impetus provided by the services sector and expected improvement in the LSM segment over the next few months.

Key near-term checkpoints for the economy include the official stance of the IMF post its meetings with Pakistani political & economic leaders. Emergence of some leeway is expected although this may be tempered by short-term additional tax measures (other than RGST). Furthermore, materialization of foreign funding is also critical in case domestic tax reforms are delayed. A tight watch on oil prices and inflation trajectory.

Money Market Review

Banks offered high rates during December on the back of year-end deposit seeking activity. Rates were as high as 14% for tenors as short as three (3) months. Following a higher interest rate environment, T-bill yields adjusted upwards. In this regard, the Jan 27'11 auction yields for 3M, 6M and 12M yields were higher by 36bps, 21bps and 14bps, respectively, relative to the Dec 29'10 auction. While SBP has kept the Discount Rate stable at 14%, T-bill yields could continue rising due to upward inflationary expectations following higher CPI estimates. As a result, the money market is likely to continue focusing on the shorter end of the yield curve.

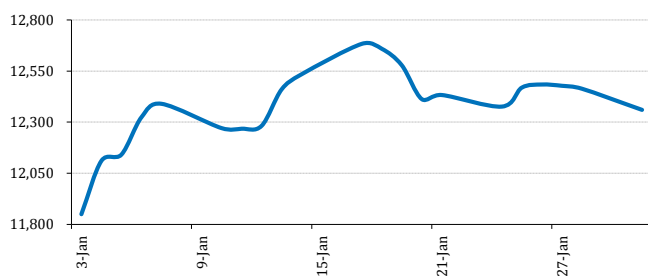
Equity Market Review

The KSE-100 Index generated a return of 2.8% in Jan'11. Average daily volumes registered at 178.3mn shares, valuing at PKR 8.4Bn. Net foreign inflow in Jan'11 was recorded at USD 63Mn and, although this was lower by 14%MoM, it provided the impetus for overall market movement.

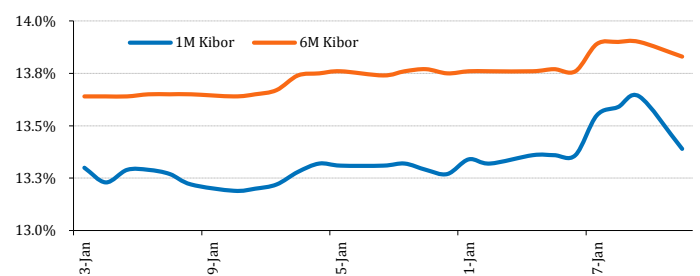
Market direction is dependant on a number of factors at the moment. The primary factor is the political situation, where decision on cabinet members is imminent. Weak macro indicators suggest further rate tightening, if IMF and foreign funding is to continue. Corporate results remain the main positive trigger as major results of E&P/Banks have yet to be announced. In addition, the reintroduction of the leverage product is fast becoming a reality with expected launch date in Feb, 2011.

At current levels, the KSE-100 trades at a forward PER of 8.8x vs. historical PER of 9x. On the downside, we do not expect the KSE-100 Index to dip below 12,000 points, particularly if FPI continues. On the upside, if the IMF reiterates its support to Pakistan and the leverage product is introduced, we foresee near-term potential upside.

KSE-100 Index Movement



KIBOR Movement



Members of Investment Committee

Chairperson	Maheen Rahman , <i>Chief Executive Officer</i>
Member	Syed Muhammad Zeeshan , <i>Chief Financial Officer</i>
Secretary	Muddasir Ahmed Shaikh , <i>Chief Investment Officer</i>
Member	Syed Saifullah Kazmi , <i>Portfolio Manager</i>
Member	S. Salman Raza Naqvi , <i>Group Head - Risk & Credit Management</i>

MUFAP's Recommended Format

IGI Income Fund

Rating: "A+(f)" by JCR-VIS

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.

Basic Fund Information

Category:	Income Scheme	Management Fee:	1.25%
Fund Type:	Open Ended	Min. Initial Investment:	PkR 5,000/-
Benchmark:	6 Month KIBOR	Min. Subseq. Investment:	PkR 1,000/-
Launch Date:	April 14, 2007	Trustee:	CDC Pakistan Limited
Par Value:	100	Auditor:	KPMG, Taseer Hadi & Co.
Pricing:	Forward Day	Listing:	Lahore Stock Exchange
Sales Load:	Nil	Dealing Days:	Monday - Friday
Risk Profile:	Low	Cut-off Time:	9:00 am - 3:00 pm
Leverage:	Nil		

Fund Statistics

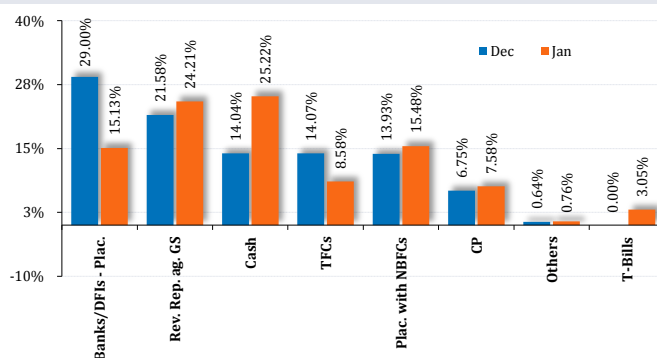
Fund Size (PkR mn):	1,284
NAV (PkR):	101.6762
Wtd. Average Time to Maturity (months):	8.48
Standard Deviation:	0.0091
Sharpe Ratio:	-0.94
Information Ratio:	-1.30
Expense Ratio:	0.98%

Fund Performance

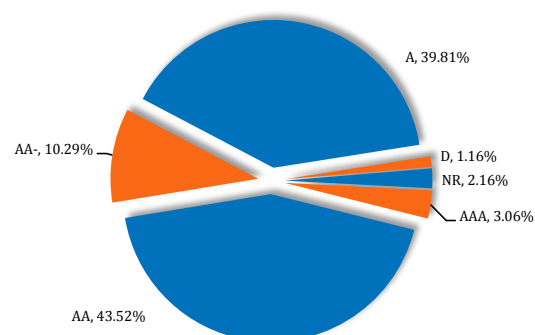
	IGI IF	BM
YTD (Jul '10 - Jan '11):	10.94%	13.14%
Month (Jan '11):	9.76%	13.74%
Since Inception:	9.47%	11.88%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - Expense Ratio is Ratio of total expenses including management fee to the average annual net assets.
 - YTD & MTD returns calculated using simple annualized; SI return calculated using Morning Star Model

Asset Allocation (as % of Total Assets)



Portfolio Credit Quality



Fund Activity

IGI IF generated an MTD return of 9.76% and a YTD return of 10.94% during the period under review.

TDR maturities in Jan'11 increased liquidity for the fund. This allowed placements into short term T-Bills that continued their ascension, expecting a hike in the interest rates. Capital gains were also realized from offloading TFCs at strategic levels, which helped the bottom line. The above par daily accrual rate served the NAV appreciation. Looking ahead, IGI IF is expecting further maturities from its TDRs which will increase liquidity. The released funds will be parked into T-Bills of various tenures to capture rising yields.

TFC Holdings (% of Net Assets)

United Bank Limited - (15-Mar-05)	3.91%
Bank Alfalah Limited - (2-Dec-09) - Fixed	2.70%
Bunnys Limited - (13-Nov-08)	1.17%
Vision Dev. (Pvt) Limited - (30-Nov-08)	0.68%
Pak Hy Oils Limited - (31-Dec-08)	0.19%

Details of Non Compliant Investments

Instrument	Type of Instrument	Value of Investment before Provisioning	Provisioning Held, if any	Value of Investment after Provisioning	% of Gross Asset	% of Net Asset
Bunnys Limited	Term Finance Certif.	20,110,000	(5,027,500)	15,082,500	1.05%	1.17%
Pak Hy Oils Limited	Term Finance Certif.	15,000,000	(12,599,998)	2,400,002	0.17%	0.19%
Vision Dev. (Pvt) Limited	Term Finance Certif.	11,635,000	0	11,635,000	0.81%	0.91%
BRR Guardian Modaraba	Certif. of Musharaka	9,800,280	0	9,800,280	0.68%	0.76%

FY11 Rolling Returns

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	YTD
IGI IF	10.24%	12.37%	12.82%	9.97%	11.71%	10.93%	9.76%						10.94%
BM	12.37%	12.83%	12.92%	13.21%	13.29%	13.60%	13.74%						13.74%

- Returns till Dec, 2010 calculated using Morning Star Model; Returns from Jan, 2011 onwards calculated using simple annualized method

MUFAP's Recommended Format



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

IGI Stock Fund

Rating: "4 Star" by PACRA

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.

Basic Fund Information

Category:	Equity Scheme	Min. Initial Investment:	PkR 5,000/-
Fund Type:	Open Ended	Min. Subseq. Investment:	PkR 1,000/-
Benchmark:	KSE - 100	Trustee:	CDC Pakistan Limited
Launch Date:	July 15, 2008	Auditor:	KPMG, Taseer Hadi & Co.
Par Value:	100	Listing:	Lahore Stock Exchange
Pricing:	Forward Day	Dealing Days:	Monday - Friday
Sales Load:	2.50%	Cut-off Time:	9:00 am - 3:00 pm
Management Fee:	2.00%		
Leverage:	Nil		

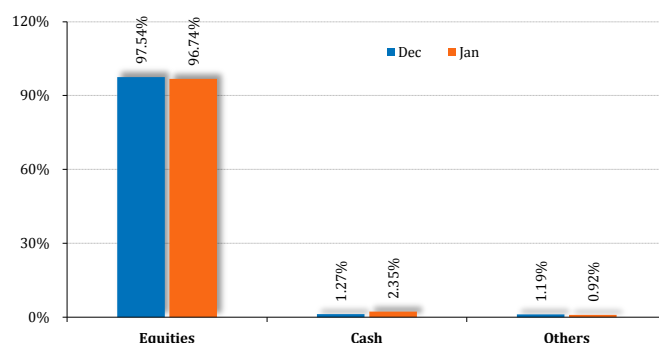
Fund Statistics

Fund Size (PkR mn):	347
NAV (PkR):	126.3281
Standard Deviation:	0.011
Information Ratio:	0.108
Beta:	1.08

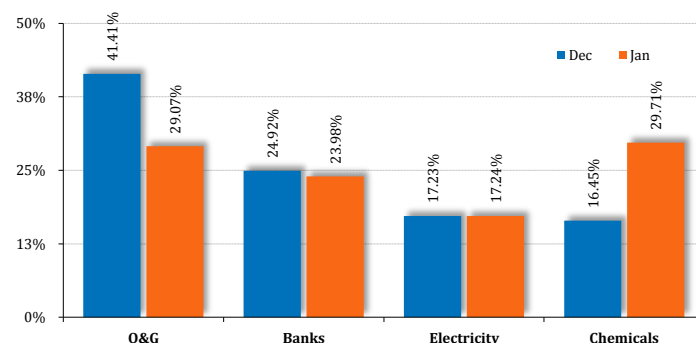
Fund Performance

	IGI SF	BM
YTD (Jul '10 - Jan '11):	24.99%	27.13%
Month (Jan '11):	4.20%	2.80%
Since Inception:	109.45%	12.77%

Asset Allocation (as % of Total Assets)



Asset Allocation (Sector wise)



Fund Activity

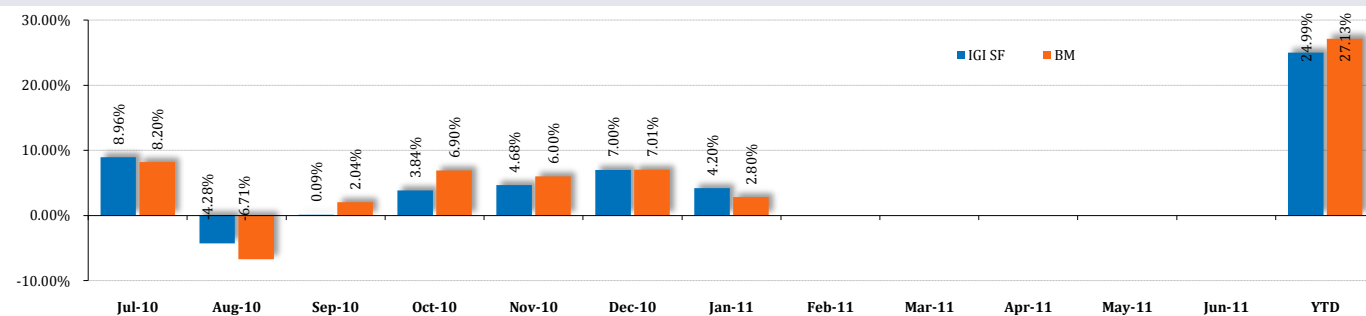
IGI SF reported a significant outperformance in Jan'11, generating an MTD return of 4.20% (BM: 2.80%). The Fund maintained nearly the same exposure in equities MoM, believing further upside potential in the bourse.

The main reshuffle was witnessed in oil, where the exposure was reduced in key stocks. Subsequently, exposure was increased in Chemicals as blue chip stocks in this sector had yet to perform. Bank and IPP exposures were maintained in light of favorable results forthcoming. Going Forward, continued foreign investment, introduction of leverage product and result announcement of key sectors bolster index appreciation.

Top 10 Equity Holdings (% of Net Assets)

	Dec	Jan
Engro Corp.	7.82%	10.09%
Hub Power	8.91%	10.08%
Fauji Fertilizer	8.44%	9.98%
Pak Petroleum	8.75%	9.90%
Pak Oilfields	8.91%	9.87%
Oil & Gas Dev.	9.30%	9.00%
United Bank	9.00%	8.98%
MCB Bank	9.05%	8.88%
Nishat Power	8.12%	6.98%
National Bank	6.59%	5.88%

FY11 Rolling Returns



- Returns till Dec, 2010 calculated using Morning Star Model; Returns from Jan, 2011 onwards calculated using simple annualized method

MUFAP's Recommended Format



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

IGI Money Market Fund

Rating: "AA+(f)" by JCR-VIS

Investment Objective

An open-ended Money Market Scheme which shall seek to generate competitive returns consistent with low risk from a portfolio constituted of short term instruments including cash deposits, money market placements and government securities. The Fund will maintain a high degree of liquidity, with time to maturity of single asset not exceeding six months and with weighted average time to maturity of Net Assets not exceeding 90 days.

Basic Fund Information

Category:	Money Market Scheme	Management Fee:	0.80%
Fund Type:	Open Ended	Min. Initial Investment:	PkR 5,000/-
Benchmark:	Avg. 3 Mth Dep. Rates of 3 "AA" Rated Banks	Min. Subseq. Investment:	PkR 1,000/-
Launch Date:	May 27, 2010	Trustee:	CDC Pakistan Limited
Par Value:	100	Auditor:	KPMG, Taseer Hadi & Co.
Pricing:	Forward Day	Listing:	Lahore Stock Exchange
Sales Load:	Nil	Dealing Days:	Monday - Friday
Risk Profile:	Low	Cut-off Time:	9:00 am - 3:00 pm
Leverage:	Nil		

Fund Statistics

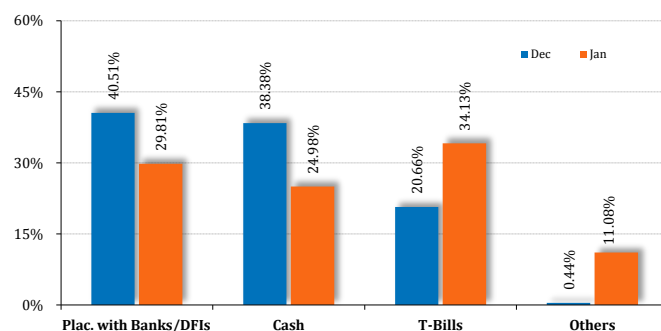
Fund Size (PkR mn):	1,618
NAV (PkR):	101.5834
Wtd. Average Maturity (months):	0.37
Standard Deviation:	0.0594
Sharpe Ratio:	-0.19
Information Ratio:	0.47
Expense Ratio:	1.13%

Fund Performance

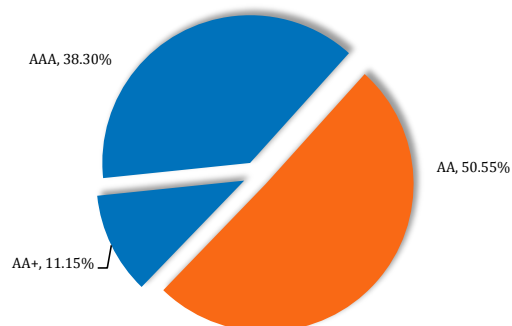
	IGI MMF	BM
YTD (Jul '10 - Jan '11):	11.19%	8.73%
Month (Jan '11):	11.35%	8.58%
Since Inception:	11.41%	8.53%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - Expense Ratio is Ratio of total expenses including management fee to the average annual net assets.
 - YTD & MTD returns calculated using simple annualized; SI return calculated using Morning Star Model

Asset Allocation (as % of Total Assets)



Portfolio Credit Quality



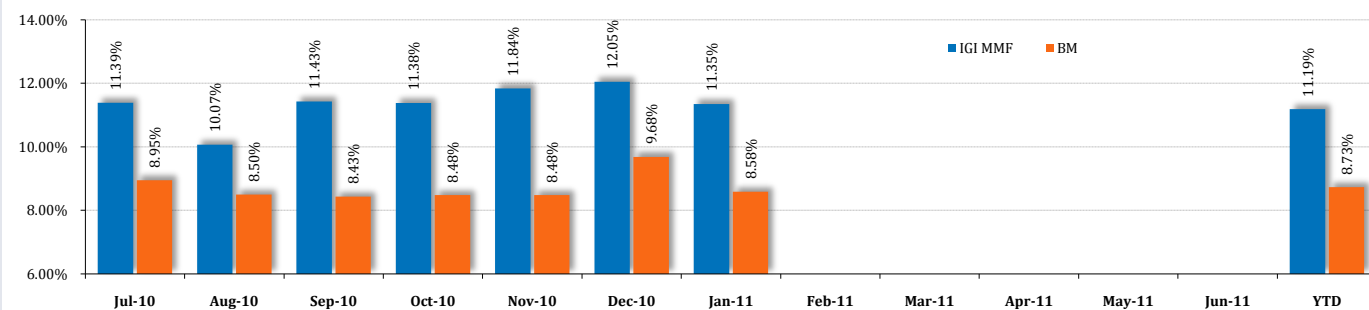
Fund Activity

IGI MMF generated a MTD return of 11.35% and YTD return of 11.19% for the period under review.

The Fund's strategy in Jan'11 remained the capture of rising yields in T-Bills, which continued, imagining a policy rate hike. MoM, the fund size also increased from PKR 1.2Bn in Dec'10 to the current level of PKR 1.6Bn. The increase in liquidity allowed greater portion of the fund size to be dedicated to T-Bills, with a concentration in the shorter tenures. In addition, liquidity further increased from TDR maturities parked at the end of last quarter, which will materialize in the coming month.

The future strategy for IGI MMF leaves our main focus on T-Bills, with an equitable distribution across key tenures. Churning in readily traded papers will support return. In addition, parking excess funds under LOPs will also be carried out at favorable rates, which will bolster the bottom line.

FY11 Rolling Returns



- Returns till Dec, 2010 calculated using Morning Star Model; Returns from Jan, 2011 onwards calculated using simple annualized method

MUFAP's Recommended Format



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

IGI Islamic Income Fund

Rating: Not Rated

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.

Basic Fund Information

Category:	Islamic Income Scheme	Management Fee:	1.50%
Fund Type:	Open Ended	Min. Initial Investment:	PkR 5,000/-
Benchmark:	Avg. 6 Mth Dep. Rates - 3 Islamic Banks	Min. Subseq. Investment:	PkR 1,000/-
Launch Date:	December 3, 2009	Trustee:	CDC Pakistan Limited
Par Value:	100	Auditor:	KPMG, Taseer Hadi & Co.
Pricing:	Forward Day	Listing:	Lahore Stock Exchange
Sales Load:	1.00%	Dealing Days:	Monday - Friday
Risk Profile:	Low	Cut-off Time:	9:00 am - 3:00 pm
Leverage:	Nil		

Fund Statistics

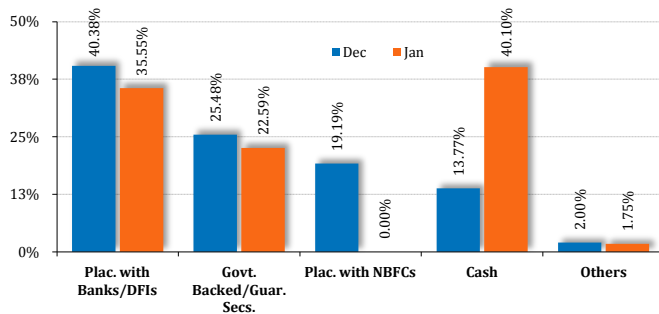
Fund Size (PkR mn):	452
NAV (PkR):	101.4211
Wtd. Average Maturity (months):	5.19
Standard Deviation:	0.0061
Information Ratio:	1.91
Expense Ratio:	1.87%

Fund Performance

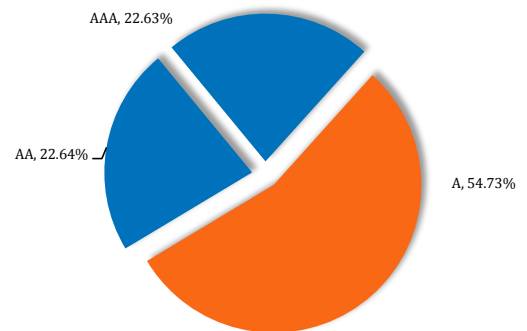
	IGI IIF	BM
YTD (Jul '10 - Jan '11):	9.67%	8.52%
Month (Jan '11):	9.73%	8.66%
Since Inception:	9.54%	8.22%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Expense Ratio is Ratio of total expenses including management fee to the average annual net assets.
 - YTD & MTD returns calculated using simple annualized; SI return calculated using Morning Star Model

Asset Allocation (as % of Total Assets)



Portfolio Credit Quality



Fund Activity

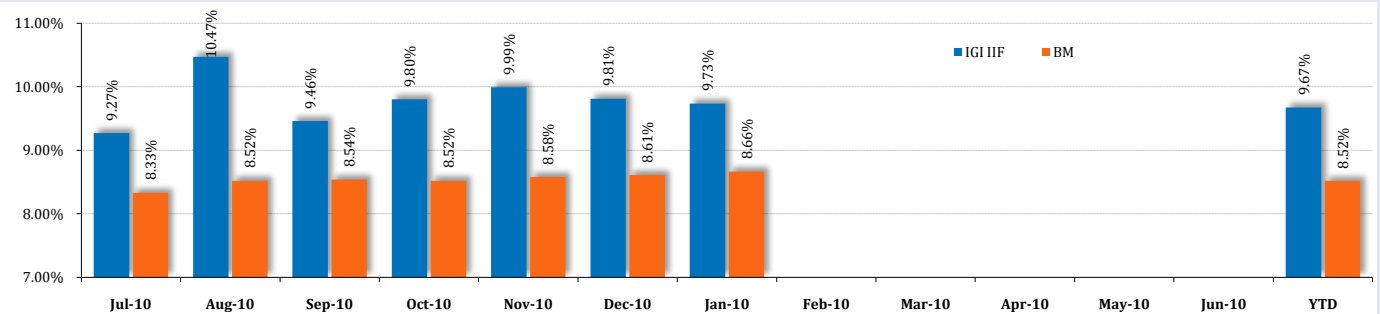
The maturing placements with NBFCs were redirected towards cash accounts, whereas the proceeds from TDR maturity were reinvested in the same avenue. The increased allocation to Cash accounts was aimed at targeting high yield avenues.

Going forward, the Fund plans to utilize the cash balance to maximize the overall portfolio yield through investment in high yielding assets such as Sukuks / bank placements etc.

Sukuk Holdings (% of Net Assets)

GoP Ijara - IV	22.66%
----------------	--------

FY11 Rolling Returns



- Returns till Dec, 2010 calculated using Morning Star Model; Returns from Jan, 2011 onwards calculated using simple annualized method

MUFAP's Recommended Format



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

IGI Aggressive Income Fund

Rating: Not Rated

Investment Objective

The investment objective of the Scheme is to provide an investment medium whereby investors can participate in a portfolio that will seek to generate competitive income.

Basic Fund Information

Category:	Aggressive Income Scheme
Fund Type:	Open Ended
Benchmark:	6 Month KIBOR
Launch Date:	October 25, 2007
IGIFL Acquisition Date:	August 6, 2010
Par Value:	100
Pricing:	Forward Day
Sales Load:	Nil
Risk Profile:	Low

Management Fee:	1.00%
Min. Initial Investment:	PkR 5,000/-
Min. Subseq. Investment:	PkR 1,000/-
Trustee:	CDC Pakistan Limited
Auditor:	KPMG, Taseer Hadi & Co.
Listing:	Karachi Stock Exchange
Dealing Days:	Monday - Friday
Cut-off Time:	9:00 am - 3:00 pm
Leverage:	Nil

Fund Statistics

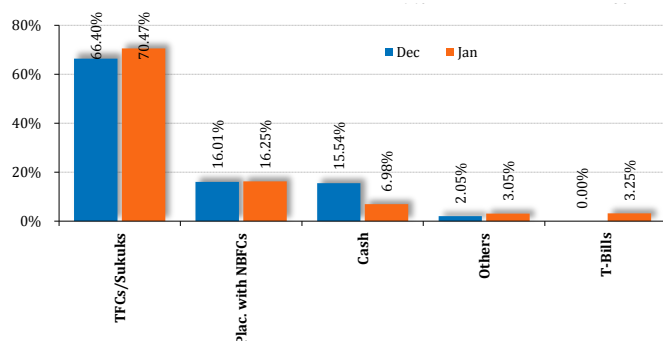
Fund Size (PkR mn):	748
NAV (PkR):	43.0430
Wtd. Average Maturity (months):	33.07
Standard Deviation:	0.2508
Sharpe Ratio:	-0.99
Information Ratio:	-1.01
Expense Ratio:	2.56%

Fund Performance

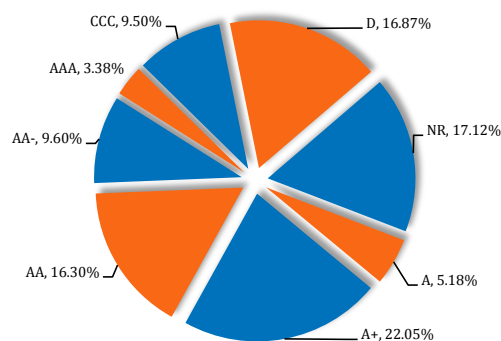
	IGI AIF	BM
YTD (Jul '10 - Jan '11):	-15.29%	13.14%
Month (Jan '11):	-13.78%	13.74%
Since Acquisition:	-11.87%	13.04%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - Expense Ratio is Ratio of total expenses including management fee to the average annual net assets.
 - YTD & MTD returns calculated using simple annualized; SI return calculated using Morning Star Model

Asset Allocation (as % of Total Assets)



Portfolio Credit Quality



Fund Activity

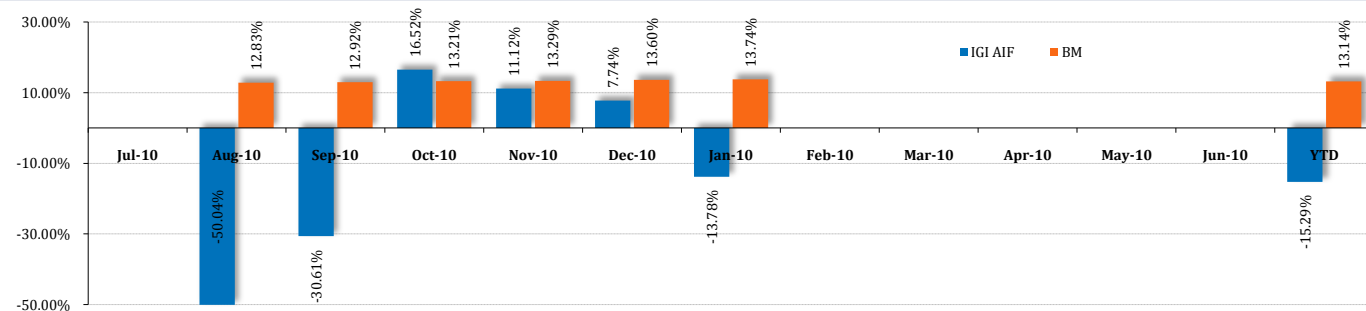
A very volatile movement in corporate bond revaluation rates was witnessed, which reduced the Fund's yield during the month. The Fund maintained liquidity in cash accounts to the minimum threshold level. The excess cash was allocated to Government Securities and high quality TFCs. Some issues are under restructuring phase and positive outcomes on these fronts are expected in the coming months. The strategy to reduce the TFC exposure remained intact, but bids remained at discounts; an unjustified situation compared to the fundamental values of issuing entities.

As part of the restructuring strategy, the Fund plans to divest its existing exposure in junk bonds at justified values and redirect the proceeds and excess cash to either high quality TFCs/Sukuks or government securities.

TFC/Sukuk Holdings (% of Net Assets)

Pak Mobile Communication - (28-Oct-08)	21.30%
Kohat Cement - (20-Dec-07)	10.04%
UBL Bank - (14-Feb-08)	9.31%
AgriTech Limited - (30-Nov-07)	6.27%
Bank AlFalah - (2-Dec-09) - Fixed	5.29%
WorldCall Telecom - (07-Oct-08)	5.00%
Bank AlFalah - (2-Dec-09) - Floater	4.07%
B.R.R Gardian Modarba - (07-Jul-08)	3.14%
Vision Devp. Pvt - (30-Nov-08)	3.01%
Azgard Nine - (04-Dec-07)	2.91%
Pak Hy - Oils - (31-Dec-08)	0.37%

FY11 Rolling Returns



- Returns till Dec, 2010 calculated using Morning Star Model; Returns from Jan, 2011 onwards calculated using simple annualized method

MUFAP's Recommended Format



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.