

MARKET: ENVIRONMENT & OUTLOOK

Money Market Overview & Outlook

The main highlight of the month was the Monetary Policy for 4QFY10. The Ministry of Finance kept the key policy rate unchanged at 12.50%, as was generally expected. The State Bank of Pakistan (SBP) in its report highlighted that the economy is heading towards sustainable recovery. Inflationary pressure is likely to continue in view of the rising energy prices coupled with market factors. The country's balance of payments position improved, down to USD2.6 billion in July - February 2010, compared to same period last year at USD8 billion. The foreign reserves confidently stand close to USD15 billion. However, phasing out subsidies and reduction in development expenditures would lead to increase in domestic prices, fueling inflation.

Yields on T-Bills and PIBs hiked significantly during the period under review. Major contribution was from the MoF accepting higher bids, hence escalating secondary market yields. However, this spike was tempered, as secondary market rates started to dip towards the month-end. Deposit rates on the other hand remained at unattractive levels, and market players continued with concentration in the government securities. Corporate bonds still rank higher on the yield curve, as alternative investments, but on the other side they are also prone to higher price volatility.

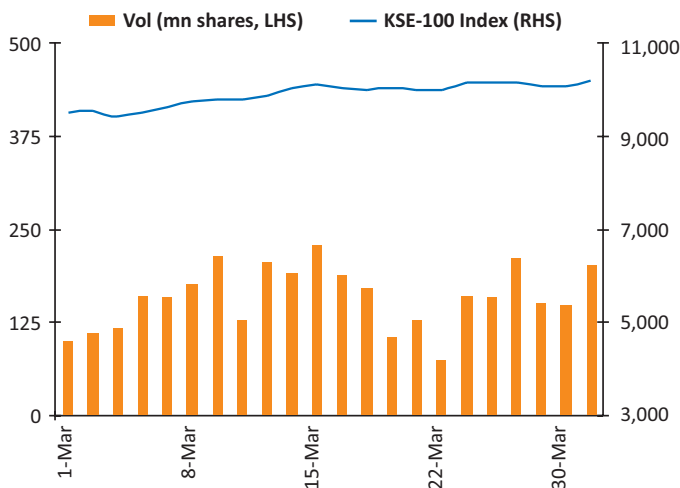
Secondary market yields on government securities are likely to come off, marking capital gains in the short term.

Equity Market Overview & Outlook

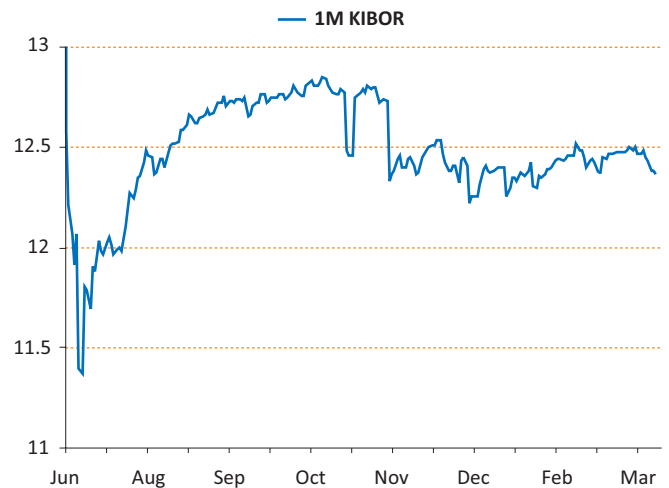
The month of March saw the KSE-100 surpass the psychological barrier of 10,000, sustaining at an all time high of 10,178 for the first time since the market crashed in 2008. The market appreciated by 8.1% during March, which is a gain of 4.3% MoM. On QoQ basis, the market registered a growth of 7.9%, gaining momentum from its low of 8,762 in the last 6 months. Volumes have remained neutral despite the heavy ascension, MoM, the average daily traded shares declined by 3.7% to close March at 157.52Mn shares. On QoQ basis, the average daily volume showed a growth of 7.6% to finish at 167.9Mn shares.

The shy volumes gives the impression that the index growth may not be sustainable. However, phenomenal buying from the foreign quarter clearly indicates a different story. The FIPI figures have increased by 572% in March, recording a net BUY position of USD 113.1Mn vs. USD 16.83Mn in the previous month, The last months activity has greatly improved the QoQ figures, which have registered a decline of 27.4% in the quarter ending March 2010. Going forward, the market seems set to attain a new high. The foreign interest in key blue chip stocks is bolstered by local institutions that have gradually started accumulation. Fundamentally strong scrips will attract volumes and drive the index. Political noise will continue to dampen sentiment on a small scale.

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.



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

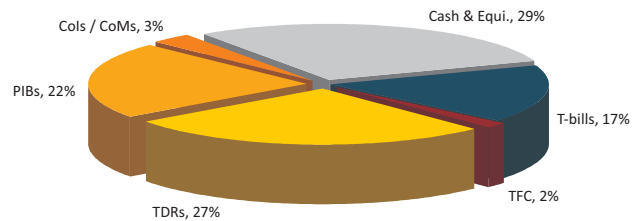
The investment objective of IGI Income Fund (IGIIF) is to minimize risk, construct a liquid portfolio of fixed income instruments and provide competitive returns to the Unit Holders. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards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

Fund Statistics

	Feb-10	Mar-10
Fund Size (PKR in mn)	3,016	3,023
NAV (PKR)	102.3346	103.2968
Duration (Months)	16.41	29.63
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.
** Ratio of total expenses including management fee to the average annual net assets.

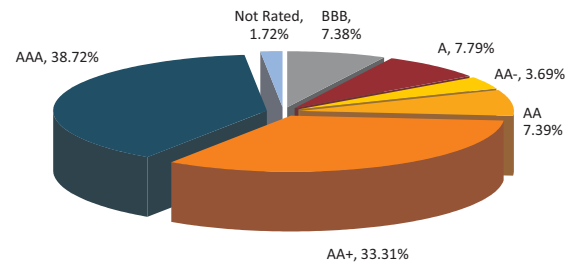
Asset Allocation



Asset Allocation (%age of Assets)

	Feb-10	Mar-10
Cash & Equivalents	30%	29%
COI's/COM's	3%	3%
Term Finance Certificates	5%	2%
Treasury Bills	20%	17%
Pakistan Investment Bonds	10%	22%
Placement	8%	-
Term Deposit Receipts	24%	27%

Credit Splits



Returns

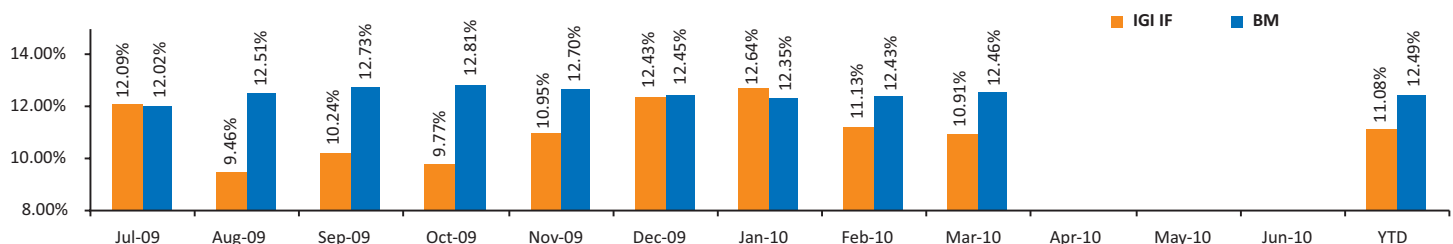
	BM	IGI IF
Month to Date	12.46%	10.91%
Year to Date	12.49%	11.08%
Since Inception	11.75%	8.99%

Fund Activity

Participation in T-Bills auction helped the Fund yield higher accrual as compared to cash accounts. The Fund remained shy from investments in TDRs, as rates remained on the lower side.

However, the risk of price volatility in TFCs remains the biggest concern, therefore the Fund plans to take exposures, once the price issue settles. The Fund will focus on increasing exposure in government securities in the short term going forward. The yields are expected to settle from the current levels, hence marking capital gains.

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

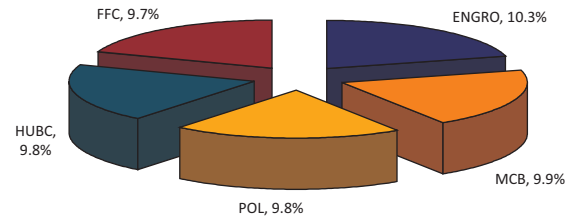
Investment Objective

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

	Feb-10	Mar-10
Fund Size (PKR in mn)	485.70	505.86
NAV (PKR)	142.9303	150.0066
Beta	0.93	0.97
Standard Deviation	0.01	0.01
Information Ratio	0.16	0.15

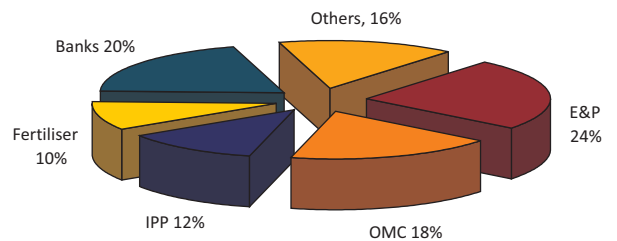
Top 5 Holdings*



Asset Allocation (%age of Assets)

	Feb-10	Mar-10
Equities	88.0%	92.1%
Cash	11.1%	5.2%
Others	0.8%	2.6%

Sector Allocation*



Returns

	BM	IGI SF
Month to Date	5.39%	4.95%
Year to Date	42.11%	39.43%
Since Inception	(7.13%)	85.30%

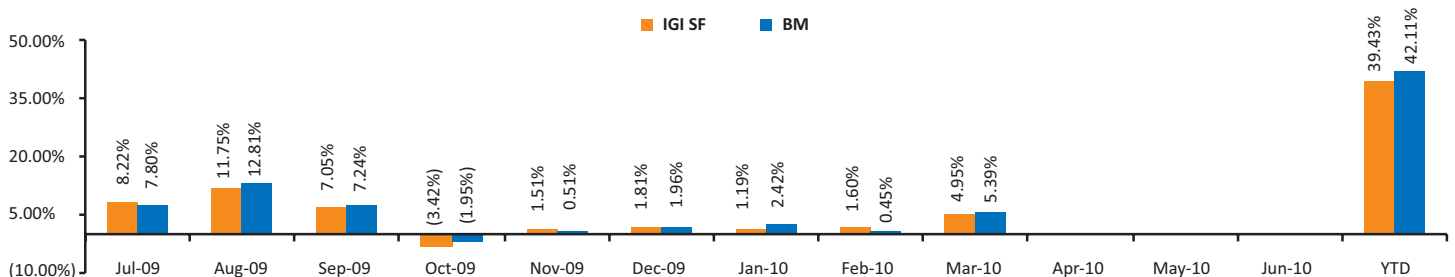
*Top 5 Holdings and Sector Allocation are %age of total equity holding

Fund Activity

IGI SF reached its highest NAV to date of Rs. 150.0823 in March. The fund generated a return of 4.95% (BM: 5.39%) on MTD and 39.43% (BM: 42.11%) on YTD basis, respectively. On QoQ basis, the fund has gained 6.94%, closing the March end quarter with a NAV of Rs. 150.0066.

During the month, IGI SF maintained an average exposure of 90.9% in equities, concentrating on E&P, OMCs, Energy and Banks, respectively. The strategy was to capitalize on growth sectors. Going forward, the fund will maintain position in key growth stocks, realizing capital gains in overvalued scrips. A small proportion will be dedicated to second tier stocks to capture any abnormal 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.

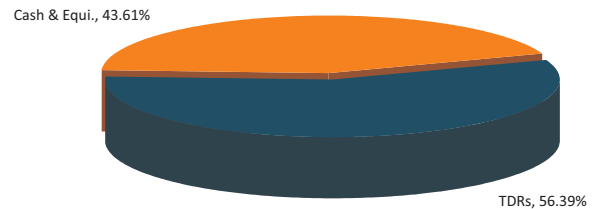
Fund Statistics

Feb-10 Mar-10

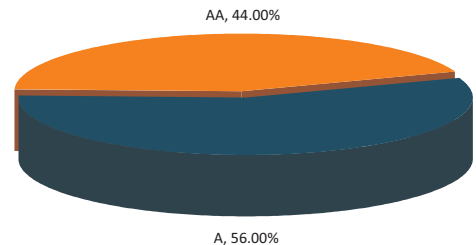
Fund Size (PKR in mn)	372	408
NAV (PKR)	102.1689	102.9932
Duration (Months)	0.82	0.27
Standard Deviation	0.01	0.004
Information Ratio	4.28	4.67
Expense Ratio*	2.05%	2.06%

*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)

Feb-10 Mar-10

Cash & Equivalents	39%	44%
Term Deposit Receipts	61%	56%

Returns

BM IGI IIF

Month to Date	7.53%	9.29%
Year to Date	7.56%	9.55%
Since Inception	7.56%	9.55%

Fund Activity

The Fund rolled over a TDR maturity, as accruals on placements remained more than cash deposits. The markup rates on fixed deposits are favored in the Fund to placements in volatile assets (such as corporate Sukuks).

However, placements in Ijara Sukuks (government guaranteed) is an exercisable option for the Fund. This poses near-to-no default risk, compared to corporate issues in the market presently.

Rolling Returns: IGI IIF vs. Benchmark

