

Monthly Fund Review

March, 2011 Issue

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

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Economic & Capital Markets Review

Economic Review

The economy managed steady improvement in 1QCY11 where, after three consecutive increases in 2HCY10, the SBP has maintained the Discount Rate at 14% since Nov'10. This is because of steadily declining CPI inflation which eased to 12.9%YoY in Feb'11 from 15.5%YoY in Nov'10.

Together with an improvement in government finances (retirement in borrowing from SBP) and external account improvement (with current account deficit only USD 98mn compared to USD 3.027bn in 8MFY10), this can open up the possibility of monetary easing towards CY11 end.

The revised FY11 tax collection target of PkR1.588tn may be difficult to meet amidst the fact that the GoP has recently announced revenue enhancement and cost curtailment measures aimed at generating fiscal space of PkR120bn (0.8% of GDP) in 4QFY11. With this, the key risk to this thesis remains the fiscal deficit. The recent earthquake in Japan and the political unrest in MENA region also have negative implications for our economy. The sky-rocketing oil prices, hovering well above \$100/bbl, may erode forex reserves of over US\$17bn. These factors along with the possibly breaching limits by GoP on borrowings from SBP due to lower than expected revenue generation will continue to stoke inflationary pressures. The implication of interest rate is hinged on Foreign Exchange Stability which if continues as seen over the last quarter should keep rates steady.

Money Market Review

In March, the money market remained tight with SBP injecting amount of Rs.230bn against Rs. 119bn in February. The Over night rate on injected amount soared to 13.09%, an increase of 21bps MoM depicting need for liquidity.

T-bill auctions indicate increasing preference for 6M and 12M maturities, with fundamental factors pointing to a stable interest rate in next few months. The participation ratio in 3M paper declined to 37% from 66% MoM. Similarly bids accepted in 3m tenor represented only 11% of the accepted amount declining from 47%, a month earlier. In this regard, the weighted average yield on 3M maturities contracted from 13.56% on Jan 27'11 to 13.25% on Mar 22'11.

The 6m paper remained pivotal with 40% of participation concentrated in this tenor in latest auction. Resultantly, capitalising on the high demand for 6m paper, the government fetched 61% of the amount from this tenor. The cut-off yield on 6m and 1-yr T-Bill declined by average 5bps. While the recently announced T-bill auction calendar targets an amount of PkR1.15tn in 4QFY11, estimated maturities of PkR1.24tn in the same time period should keep the money market sufficiently liquid.

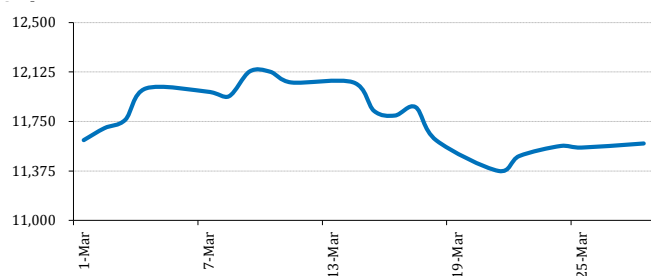
Equity Market Review

The KSE-100 Index gained 520 points or 4.6% to close at 11,809.54 points on Mar 31'11, despite net FIPI outflow of US\$16mn. Total market volumes were recorded at 2.3bn shares in Mar'11, up 20%MoM, despite a lukewarm response to the reintroduction of leverage at the local bourses.

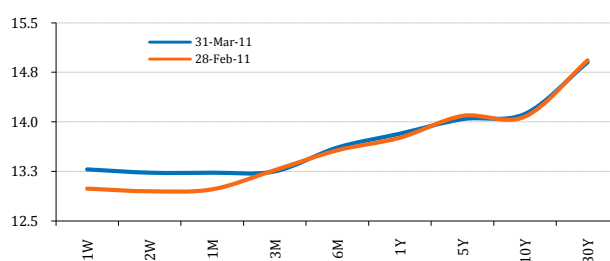
Major sectors with positive price performance were Chemicals, Non-Life Insurance, Construction & Materials and Banks, while Fixed Line Telecommunication, Electricity and Oil & Gas were poor sectors. Coming off relatively poor performance in January and February, the Index improvement in March was due to lower domestic political risk and Pak-US relations moving past their trough (Raymond Davis issue). This allowed the equity market to price in improving macroeconomic data and strong corporate earnings.

Going forward, while 4QFY is traditionally a relatively poor quarter as it precedes the Federal Budget, we believe the market will continue to consolidate gains posted in Mar'11. The discount to the region (on PER) has magnified to 45% and corporate results are expected to deliver a strong showing.

KSE-100 Index Movement



Yield Curve



Members of Investment Committee

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

MUFAP's Recommended Format



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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):	1,260
NAV (PkR):	101.0994
Wtd. Average Time to Maturity (months):	9.83
Standard Deviation:	0.0095
Sharpe Ratio:	-1.20
Information Ratio:	-1.54
Expense Ratio:	1.09%

Fund Performance

	IGI IF	BM
YTD (Jul '10 - Mar '11):	11.03%	13.27%
Month (Mar '11):	11.35%	13.74%
Since Inception:	10.97%	11.96%

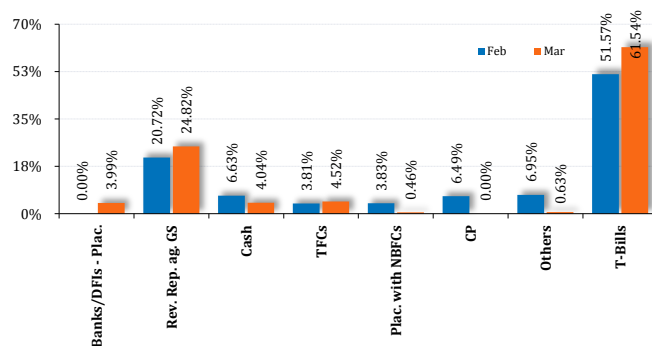
- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns

- Sharpe Ratio has been calculated against average 3-month T-Bill yield.

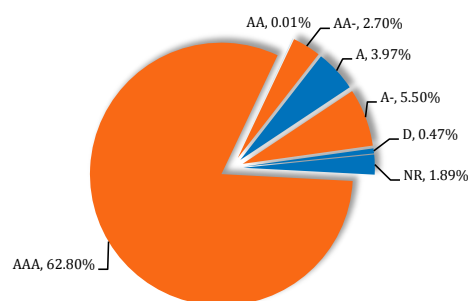
- Expense Ratio is Ratio of total expenses including management fee to the average annual net assets.

- 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

During March'11, the holdings of commercial paper issued by ENGRO matured during the month generating liquidity for higher yield placements. The Fund maintained strong focus in T-Bills; capturing high yielding papers as volumes ballooned in key tenures. The bottom line was further supported by capitalizing on higher yielding clean placements.

Going forward, IGI IF plans to focus on T-Bills and good quality corporate bond issues. Any liquidity will preferably be redirected towards these avenues. The trading gains will also be realized to inch up portfolio yields. Placements with Banks will also be considered if offered at attractive rates.

TFC Holdings (% of Net Assets)

Bank Alfalah Limited - (2-Dec-09) - Fixed	2.73%
Bunnys Limited - (13-Nov-08)	1.20%
Vision Dev. (Pvt) Limited - (30-Nov-08)	0.69%

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	1.17%	1.20%
Pak Hy Oils Limited	Term Finance Certif.	15,000,000	(15,000,000)	0	0.00%	0.00%
Vision Dev. (Pvt) Limited	Term Finance Certif.	11,635,000	(2,908,750)	8,726,250	0.68%	0.69%
BRR Guardian Modaraba	Certif. of Musharaka	7,886,882	0	5,966,642	0.46%	0.47%

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%	9.81%	11.35%				11.03%
BM	12.37%	12.83%	12.92%	13.21%	13.29%	13.60%	13.74%	13.76%	13.74%				13.27%

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

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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		

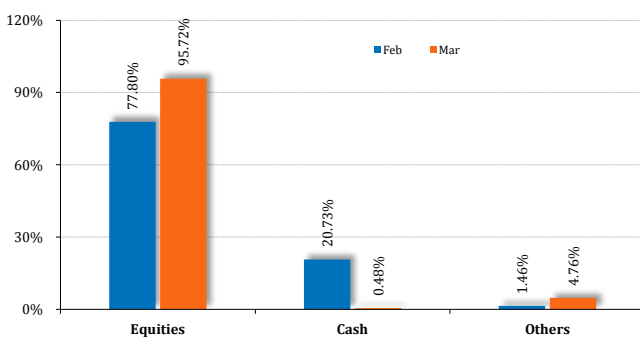
Fund Statistics

Fund Size (PkR mn):	309
NAV (PkR):	131.0811
Standard Deviation:	0.111
Information Ratio:	0.032
Beta:	0.94

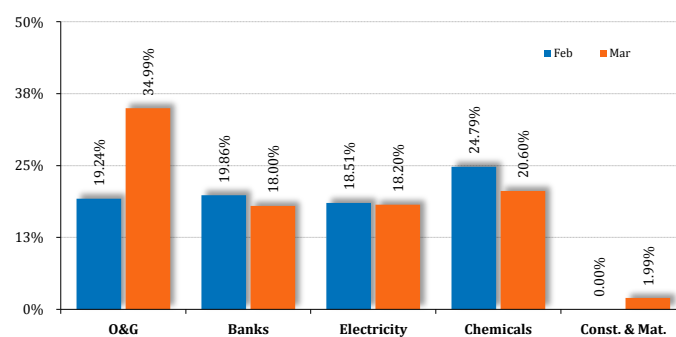
Fund Performance

	IGI SF	BM
YTD (Jul '10 - Mar '11):	29.69%	21.47%
Month (Mar '11):	9.47%	4.61%
Since Inception:	117.33%	7.75%

Asset Allocation (as % of Total Assets)



Asset Allocation (Sector wise)



Fund Activity

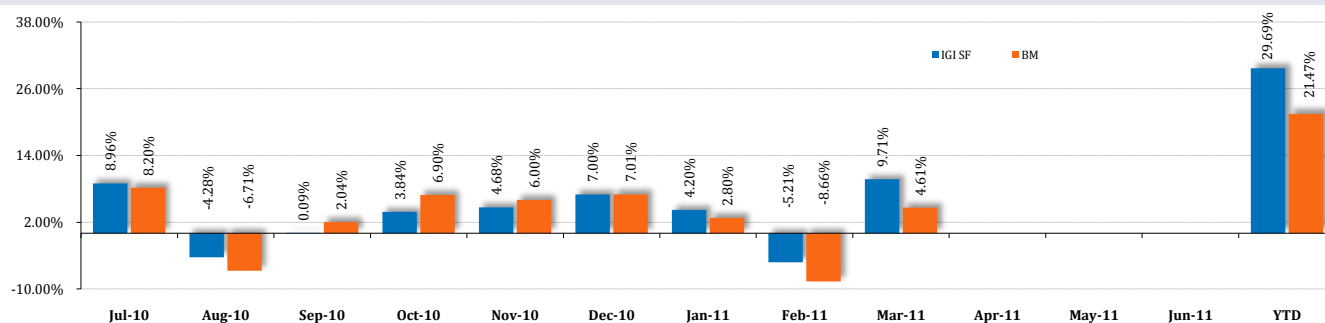
The Fund outpaced the KSE-100 in March'11, generating a MTD return of 9.5% (BM: 4.6%) pushing the YTD return up to 29.7% (BM: 21.5%). The strategy of fundamental valuation supported investments resulted in the outperformance during the month. The major focused was maintained on the Oil & Gas sector, Fertilizer and IPPs.

Looking ahead, IGI SF plans to maintain a strong position in the market. Small trading position in liquid scrips will also be maintained to capitalize on the volatile market movements.

Top 10 Equity Holdings (% of Net Assets)

	Feb	Mar
FFC	9.19%	10.70%
ENGRO	9.57%	9.90%
POL	9.19%	9.70%
PPL	9.08%	9.18%
KAPCO	8.79%	9.16%
HUBC	9.72%	9.04%
UBL	8.98%	8.64%
APL	0.97%	8.47%
MCB	4.91%	6.37%
PSO	0.00%	5.42%

FY11 Rolling Returns



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

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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):	1,959
NAV (PkR):	100.7557
Wtd. Average Maturity (months):	1.45
Standard Deviation:	0.0534
Sharpe Ratio:	-0.21
Expense Ratio:	1.12%

Fund Performance

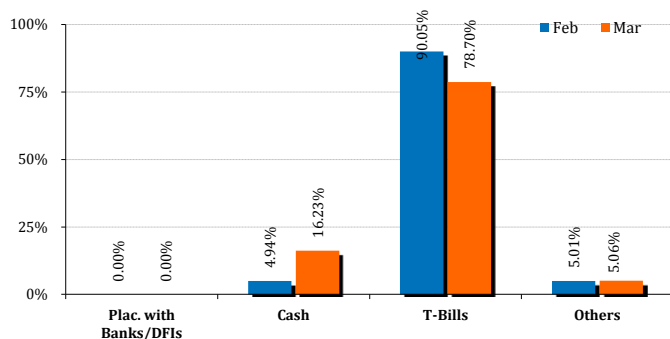
	IGI MMF	BM
YTD (Jul '10 - Mar '11):	11.54%	8.83%
Month (Mar '11):	12.02%	9.17%
Since Inception:	11.65%	8.65%

- Standard Deviation, Sharpe Ratios have been calculated using Rolling Returns

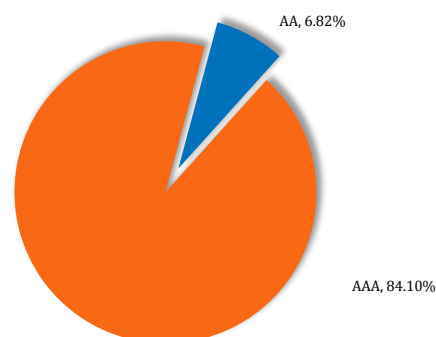
- Sharpe Ratio has been calculated against average 3-month T-Bill yield.

- YTD & MTD returns calculated using simple annualized; SI return calculated using Morning Star Model

Asset Allocation (as % of Total Assets)



Portfolio Credit Quality

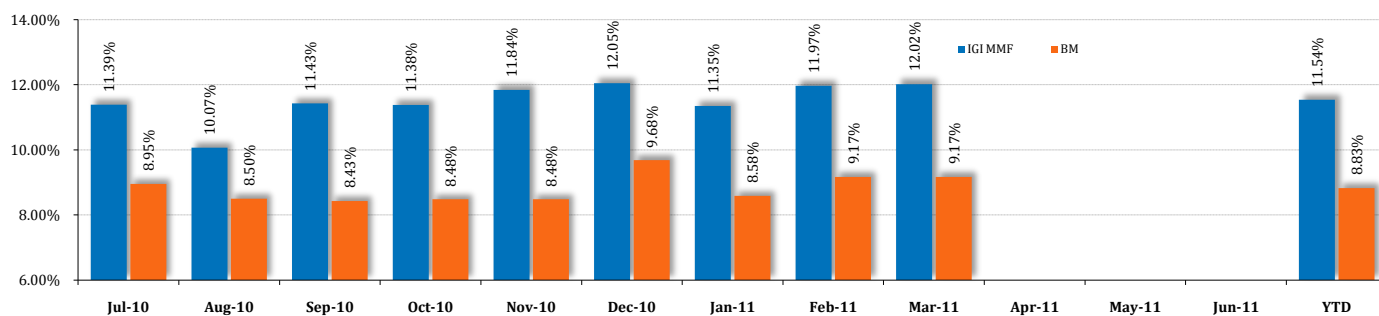


Fund Activity

IGI MMF secured strong position amongst peers with a MoM and YTD yields of 12.02% and 11.54%, respectively, during the month of March. The focus was maintained on Treasury bills owing to attractive secondary market yields. The Fund participated in T-Bill auctions held during the month while concentrating on short to medium term instruments. The outcome of the March MPS kept the yields in a flux; creating opportunities for realizing capital gains through trading. The Fund concentrated on short to medium term papers as greatest volume of trade remained in this tenure.

Going forward, the focus will remain on acquiring T-Bills in the upcoming auction and locking in yields. The concentration will be divided from short to medium term bills. The bottom line will be bolstered with short term clean placements that has been extremely lucrative in the prevalent market

FY11 Rolling Returns



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

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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

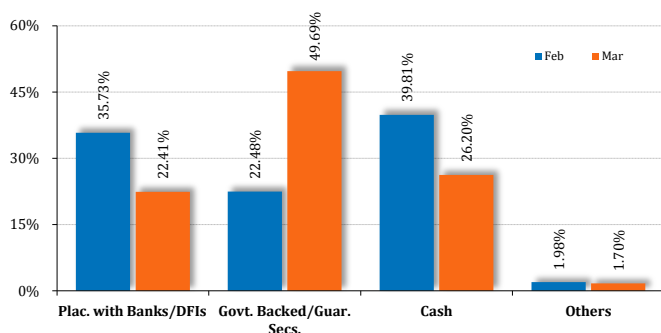
Fund Size (PkR mn):	455
NAV (PkR):	100.8058
Wtd. Average Maturity (months):	4.82
Standard Deviation:	0.0058
Information Ratio:	1.82
Expense Ratio:	1.89%

Fund Performance

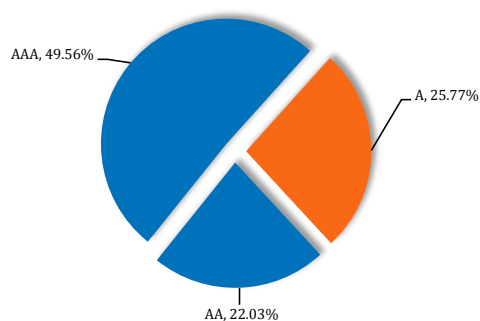
	IGI IIF	BM
YTD (Jul '10 - Mar '11):	9.78%	8.56%
Month (Mar '11):	9.75%	8.63%
Since Inception:	9.60%	8.27%

- 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



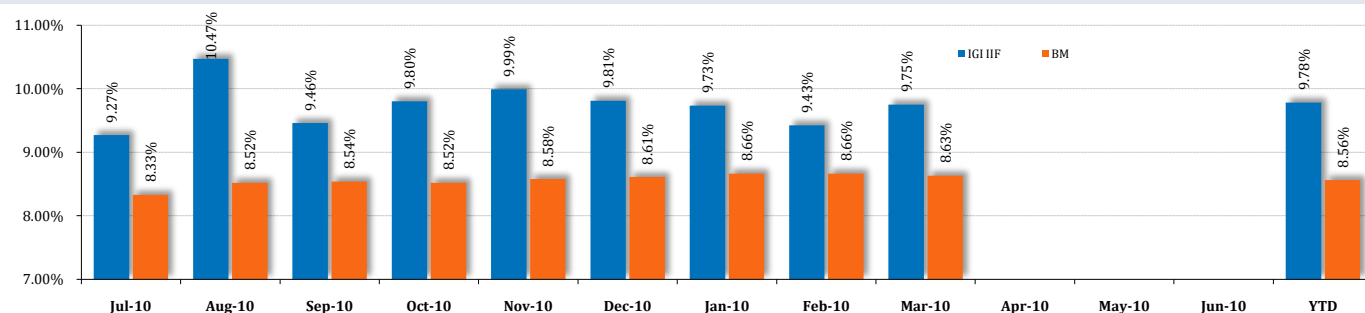
Fund Activity

In March, GoP issued 7th Ijara Sukuk amounting to PkR 47.539bn through auction on 3rd. The Fund successfully parked all the available liquidity, in excess of regulatory requirement, in the auction at an yield. A bank placement was also set to mature during the month under review. The maturity proceeds were also redirected to Ijara Sukuks owing to comparatively higher risk free yield. The placements improve the overall yield of the portfolio as well as the allocation to Ijara Sukuks.

Sukuk Holdings (% of Net Assets)

GoP Ijara - IV	22.02%
GoP Ijara - VII	27.75%

FY11 Rolling Returns



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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

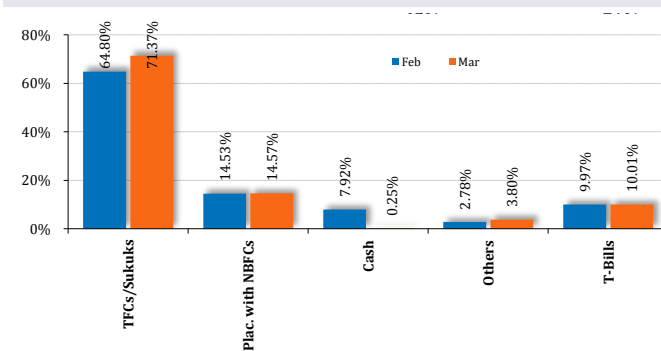
Fund Size (PkR mn):	752
NAV (PkR):	43.2584
Wtd. Average Maturity (months):	36.01
Standard Deviation:	0.2286
Sharpe Ratio:	-0.97
Information Ratio:	-0.99
Expense Ratio:	2.57%

Fund Performance

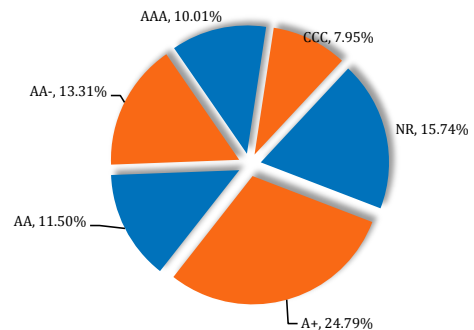
	IGI AIF	BM
YTD (Jul '10 - Mar '11):	-11.39%	13.27%
Month (Mar '11):	7.53%	13.74%
Since Acquisition:	-8.35%	13.19%

- 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

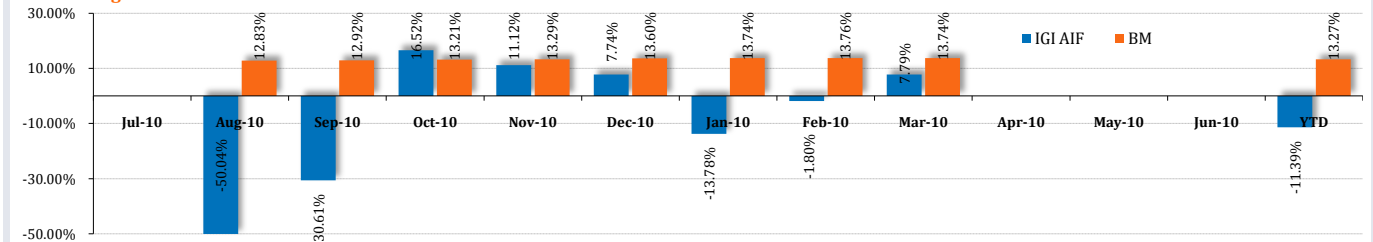
March witnessed partial settlement of long held placement with Saudi Pak Leasing Company against cash. The cash amount has been received whereas the settlement of remaining amount against fixed assets is in process. The full settlement is expected to be reached by end June 2011. Apart from the settlement, the Fund maintained its strategy of improving the credit quality of the portfolio. The available liquidity and cash proceeds from settlement of SPLC placement were redirected towards a mix of corporate bonds; AKBL and NIB TFCs, and placement with NBFCS. Furthermore, restructuring on Gharibwal cement is complete and B.R.R Gurdian Modaraba is close to reaching a settlement with unitholders.

The Fund, going forward, plans to maintain its strategy of replacing the defaulted TFCs with high-quality TFCs whereas money market placements will also be considered if available at attractive rates.

TFC/Sukuk Holdings (% of Net Assets)

Pak Mobile Communication - (28-Oct-08)	21.69%
Kohat Cement - (20-Dec-07)	9.87%
UBL Bank - (14-Feb-08)	9.56%
Agritech Limited - (30-Nov-07)	5.48%
Bank AlFalah - (2-Dec-09) - Fixed	5.22%
Bank AlFalah - (2-Dec-09) - Floater	4.04%
B.R.R Gurdian Modarba - (07-Jul-08)	2.95%
Vision Devp. Pvt - (30-Nov-08)	2.99%
Azgard Nine - (04-Dec-07)	2.50%

FY11 Rolling Returns



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