

IGI Income Fund

Fund Manager's Report - May 2009

IGI Income Fund Rated "4 Star" by PACRA

AMC Rated "AM3" by PACRA

Fund Facts

Asset Class	Fixed Income
Fund Type	Open-end
Fund Lifespan	Perpetual
Benchmark	1-month KIBOR
Launch Date	April 14, 2007
Dealing Frequency	Daily
Capital Gains Tax	As per tax laws
Pricing	Forward Day
Sales Load	Nil
Management Fee	1.25%
Par Value of the IGIIF certificate	PKR 100/-
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 Stats

Duration (months)	1.91
Standard Deviation	0.13
Sharpe Ratio	-0.12
Information Ratio	-0.16
Expense Ratio *	2.28%

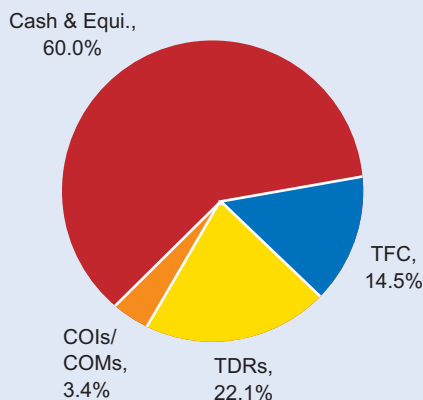
	May '09
Fund Size (PKR mn)	2,351
NAV (PKR)	105.7431
Monthly Return	15.96%

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

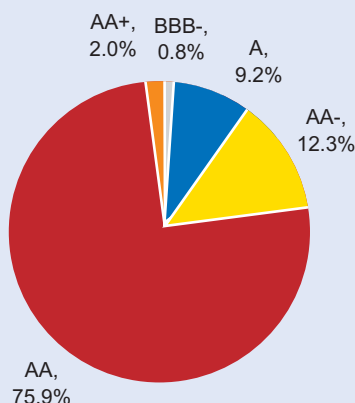
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at May 29, 2009

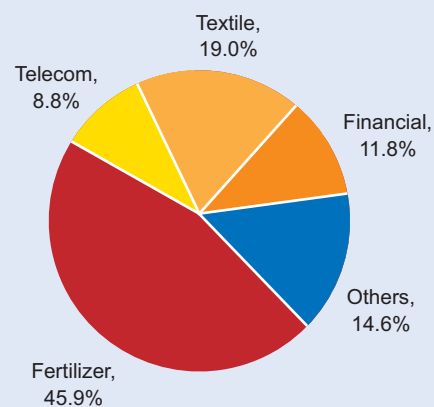
Asset Allocation



Credit Splits



TFC 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 - May 2009

Environment

The country is almost reaching the fiscal year end, with crossed fingers. Low revenue collection and growing trade deficit is closing in on the performance of revenue generating sectors. However, the low export receipts, might prove to be a blessing in disguise, as many developing countries are suffering with major developed countries in crisis.

One reason why the State Bank of Pakistan (SBP) reduced the banks' minimum capital requirements, is to help stabilize banks in this period of world crisis.

However, the matter of concern for the country is the IMF's third tranche being delayed until July '09, originally scheduled in June '09. This cash strapped country needs to keep the cash flows intact, as planned earlier. Therefore, any arrangements for an early approval from IMF is likely to keep Pakistan out of hot water.

Inflation for the period July '08 - Apr '09 stood at 22.30%, with April inflation (on YoY basis) registering at 17.20%. CPI is expected to remain close to 20% for FY09, and 6% for FY10.

Future Outlook

Interest rates are likely to remain on the higher side for the June-end as banks are expected to continue the 'deposit war' until the end of the current fiscal year.

There is excess liquidity in the system waiting for higher rates, as market players anticipate safe counters (AA rating and onwards) to offer better deposit rates.

However, post June '09, rates are likely to settle down.

Fund Activity

The Fund aims on accumulating only AA rated and above TFCs in the portfolio. Few TFCs were offloaded, sparing any losses to the unit holders.

Multiple TDR placements were executed during the period under review, taking advantage of the rising rates. The average maturity of the TDRs in the Fund is less than three months. Hence benefitting the lower portfolio duration.

Furthermore, more than half the portfolio was held as cash, to take further advantage of the rising rates for the June '09 crossing.

Fund Performance

The Fund closed the month with net assets of PKR 2,351 million, with the NAV standing at PKR 105.7431.

The Fund has been able to generate competitive returns for month-to-date (MTD) and year-to-date (YTD) yields.

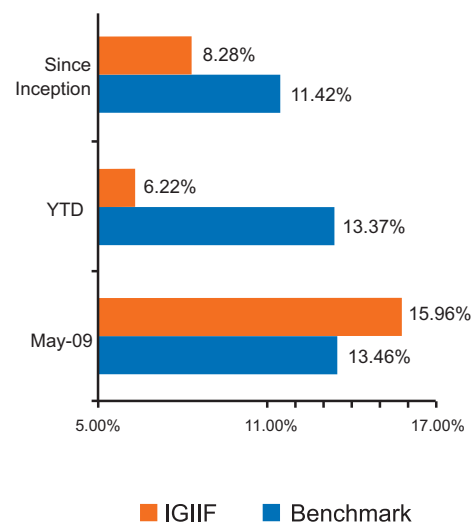
The expense ratio lowered comparatively to the previous month, hence passing the benefit to the unit holders with increased yields.

Fund Strategy

The Fund is concentrating on two broader aspects. First, to deploy funds for shorter tenors, as rates for the half year calendar year are highly attractive.

And second, the Fund plans to accumulate TFCs with high ratings and better yields, in order to support the yield of the Fund in the wake of falling interest rates. Investment in government securities is also envisaged going forward.

Returns Comparison



*Calculation of the returns

The returns of the fund are calculated as per the MUFAP's standard methodology, Morning Star Model. The model referred (Ref: MUFAP/08-09/MEM01/04) was circulated through a letter on July 04, 2008.

IGI Stock Fund

Fund Manager's Report - May 2009

AMC Rated "AM3" by PACRA

Fund Facts

Asset Class	Equity
Fund Type	Open-end
Fund Lifespan	Perpetual
Benchmark	KSE-100
Launch Date	July 15, 2008
Dealing Frequency	Daily
Capital Gains Tax	As per tax laws
Pricing	Forward Day
Sales Load	2.50%
Management Fee	2.00%
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

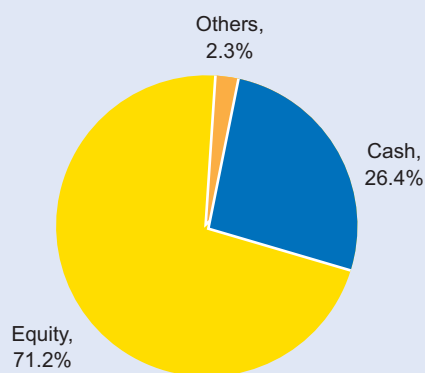
Fund Stats

Beta	0.71
Standard Deviation	0.02
Information Ratio	0.22
Return (since incep.)	32.10%
	May '09
Fund Size (PKR mn)	187.57
NAV (PKR)	132.10
Monthly Return	1.24%

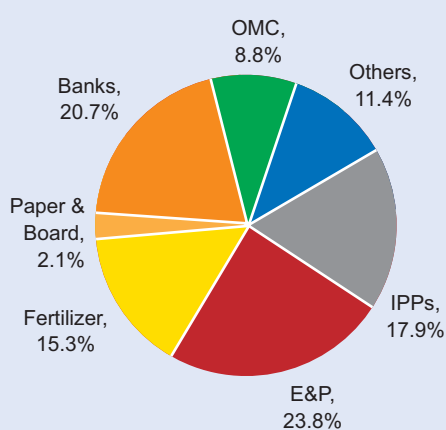
Note: Standard Deviation and Information Ratio have been calculated using daily returns.

Fund Position as at May 29, 2009

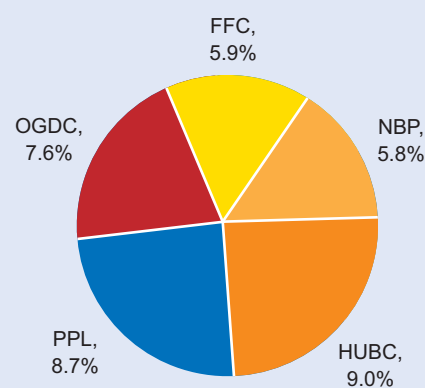
Asset Allocation



Sector Allocation*



Top Five Holding*



*Sector allocation and top five holdings are a percentage of total Equity holding

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IGI
Funds

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. The management team shall ensure the active implementation of prudent investment practices, the highest professional standards and compliance with applicable laws.

Investment Review - May 2009

Environment

The month of May was a lacklustre string of unexpected holidays. Numerous strike calls from various political quarters strangled flow of business. Continued militant action in the North was a concern and reflected itself in the stock market. The KSE-100 fell below the 7,000 mark, losing 3.23pps during the month, recovering to close 4.5% above its monthly low.

The biggest news for May remained the Supreme Court sanctioned 2.5% cut in POL prices. This squeezed PDL levels for the revenue starved government. In addition, a wheat output of 24.4Bn tons against a target of 25Bn tons was well received. However, increase in support price from PKR 625 per bag to PKR 950 per bag might raise commodity prices.

In terms of foreign investor activity, the foreign quarter remained net sellers for May'09. The total off loading amounted to USD 22.3Mn at the close of the month.

Future Outlook

The market is expected to be volatile in the coming month. Political instability continues to weigh down investor confidence. Also, uncertainty on the economic front does not help market sentiment.

On the flip side, talks of introducing a leveraged product are underway. The main concern remains the regulatory aspect of such a product. Reverting of Deem Duty to 10% from existing 7.5% would bode well for Refineries. Cements are eyeing up a significant slash in FED charges.

Finally, June is also the year end for many industries. So positive earning expectations may prove to be a supporting aspect for the market.

Fund Activity

During May'09, the fund prudently increased its exposure in equities to 71.25%. It concentrated on fundamentally strong scrips, with high dividend yields, trading at attractive levels. The exposure was increased in IPPs, E&P, Fertiliser and Banks.

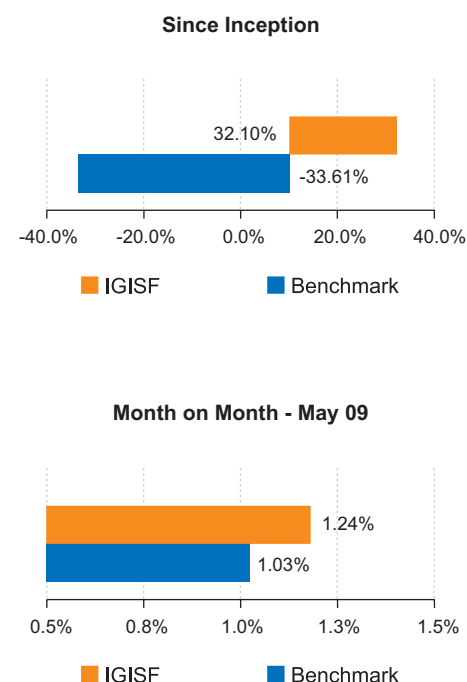
Fund Performance

The fund closely followed the market during May'09, generating 1.24% MTD return against a benchmark return of 1.03%. Since Inception, IGISF has yielded a return of 32.10% against the KSE-100 index return of -33.61%. The fund presently enjoys a Beta of 0.71 and Information Ratio of 0.22.

Fund Strategy

Going forward, the strategy will be to maintain a strong position in the market, accumulating fundamentally strong scrips on their technical forte. The fund will seek to increase exposure in blue chip stocks that are in the index heavy sectors, trading at a discount to their PE Ratios and Fair Values.

Returns Comparison



IGI Funds Limited

7th floor, The Forum, Suite 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi - 75600, Pakistan.

UAN: (+92.21) 111.367.444 (111.FOR.IGI) Fax: (+92.21) 111-567-567, 5306750

Email: funds.services@igi.com.pk