

Monthly Fund Review

November, 2010 Issue

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IGI Funds Limited
Rated "AM3" by PACRA

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www.igifunds.com.pk

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Economic & Capital Markets Review

Economic Review

In November, the SBP continued its monetary tightening stance with its third consecutive policy rate hike of 50bps since July this year. The decision came out on the back of persistent high inflation and GoP's continued reliance on SBP for budgetary support. In the policy document, the SBP has identified broadening of tax net, phasing out of subsidies and trimming of non essential expenditures as the best possible solution to fiscal worries of the government.

On the inflation front, the economy witnessed some relief with the announcement of lower than expected YoY CPI figure of 15.3% for the prior month. The impact of hike in electricity tariff and POL products prices was more than offset by the unexpected drop in monthly food inflation. The decline in CPI was not enough to impact the trimmed mean which remain persistent at 12.8% level.

The fiscal side of the economy continued to witness improvement as the current account posted a surplus of USD35mn for the month of October as compared to a deficit of USD590mn in the same period, a year earlier. On MoM basis, the surplus witnessed decline on the back of higher trade and services deficit and lower remittances. With the Oct figures, the 4M11 external accounts showed improved position as the aggregate deficit comes out to be 0.27% of GDP as compared to 0.66% of GDP during the same period last year.

Going forward, the inflation is likely to stay on the higher side with FY11 average of 15% - 16% whereas the interest rate cycle is expected to peak out by the 3QFY11.

Money Market Review

In November, the average interbank borrowing rate increased by 8 bps MoM to 13.29%. Moreover, discount on government securities also broadened significantly in the secondary market with 3-month T-bill trading in the band of 12.60-12.78% whereas in 6-month paper major transactions were done at yields in the ambit of 12.95%-13.05%. Rates in 1-year Bill inched up to 13.19%. Moreover longer end of the yield curve also lift up with 10yr PIB roaming around 13.80%-13.90%.

The SBP conducted two scheduled T-Bill auctions in which the cut-off yields rose to 12.8559%, 13.2021% and 13.3037% for the 3M, 6M and 12M papers. This indicates a hike of 6bps, 8bps and 7bps in respective tenors since last auction in October. Historically, the yields on T-Bills have stabilized during last month of calendar year. The trend has been witnessed even in distressed times when liquidity position in market was very low. We feel these yields will follow the historical trend and stay around similar level in December.

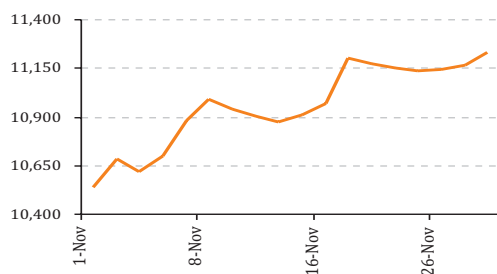
On the corporate bonds front, the trading activities were largely witnessed in the Commercial Banks followed by Fertilizer sector issues. The yields on Banking sector issues are in the range of 14.50% - 15.50%. On the corporate bonds of other industries' the TFCs are offering yields in excess of 15%.

Equity Market Review

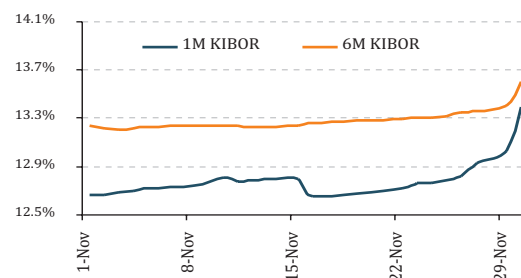
The Stock market remained vibrant throughout the month with KSE-100 Closing the month at the level of 11,234 level posting YTD return of 15.56%. The average Daily Trading Volume increased up to 125.99mn shares from last months 106.95mn shares depicting increased activity during the period. The month started with KSE-100 Index at 10,538 and went to the high of 11,234 which is a near-high of 29 months.

This gleaming back of the Karachi Bourse has been attributed to increased liquidity in the market with improved Foreigner's interest. The QE2 (Quantitative Easing 2) decision by the US Federal Reserve have glimmered investor's interest in equities markets over there as they anticipate a fall in yields will decrease Cost of Business and enhance corporate profitability. Our local equity market too moved in tune with the global markets on account of improving liquidity. The bourse received a fair share of the Foreigner's Liquidity as Net Foreign Portfolio Investment (FPI) during the month remained \$ 39.02mn which was \$31.825mn and \$22.352mn in October and September respectively. This depicts a 23% MoM increase in Foreign Portfolio Investment at the local Bourse. At the end of the month, a Discount Rate Hike didn't prove to hinder the market performance and KSE-100 increased by 71.33 points following the Monetary Policy Announcement.

KSE 100 Movement



KIBOR Movement



Members of Investment Committee

Chairperson	Maheen Rahman , Chief Executive Officer (CEO)
Member	Syed Muhammad Zeeshan , Chief Financial Officer (CFO)
Secretary	Muddasir Ahmed Shaikh , Chief Investment Officer (CIO)
Member	Syed Saifullah Kazmi , Portfolio Manager

IGI Income Fund

Rating: "3 Star" by PACRA

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.

Basic Fund Information

Category:	Income Scheme	Sales Load:	Nil
Fund Type:	Open Ended	Management Fee:	1.25%
Benchmark:	6 Month KIBOR	Min. Initial Investment:	PkR 5,000/-
Launch Date:	April 14, 2007	Min. Subsequent Investment:	PkR 1,000/-
Par Value:	100.00	Trustee:	CDC Pakistan Limited
Pricing:	Forward Day	Auditor:	KPMG, Taseer Hadi & Co.
		Listing:	Lahore Stock Exchange

Fund Statistics

Nov, 2010

Fund Size (PkR mn):	2,021
NAV (PkR):	102.0637
Duration (Months):	7.50
Standard Deviation:	0.009
Sharpe Ratio:	-0.79
Information Ratio:	-1.20
Expense Ratio:	0.80%

Fund Performance

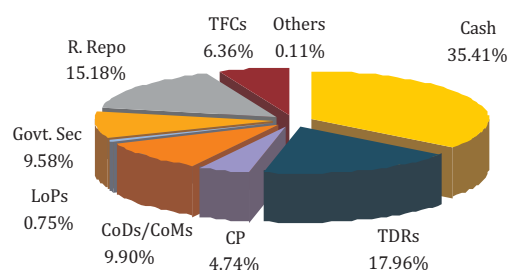
IGI IF

BM

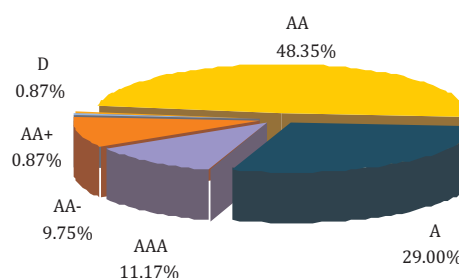
Month (Nov '10):	11.71%	13.29%
YTD (Jul '10 - Nov '10):	11.44%	12.92%
Since Inception:	9.42%	11.80%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - ** Ratio of total expenses including management fee to the average annual net assets.

Asset Allocation



Credit Split



Fund Activity

During the month of November, IGI Income Fund generated a MTD of 11.71% against BM of 13.29%. Net assets grew by 3% to surpass the PKR 2Bn mark.

The hike in DR stirred interest in short term investments, prompting focus on Treasury Bills. In addition, Banks started offering attractive rates for short term placements as they began growing their deposit in time for their year end. The Fund increased its exposure in T-Bills of all tenures, favoring maturities up to 3 months. The TDR portfolio was also developed, with placements for no longer than 3 months.

Going forward, the Fund will allocate significant funds to T-Bills. This will ensure the capture of rising yields and utilize excess cash. Maturities will be met through divestment of T-Bills in the open market. In addition, the TFC portfolio will also be focused on as yields improve.

Details of Non Compliant Investments

Instrument	Type of Investment	Value of Investment before Provisioning	Provisioning Held, if any	Value of Investment after Provisioning	% of Gross Assets	% of Net Assets
Bunnys Limited	Term Finance Certificate	15,082,500	-	15,082,500	0.74%	0.75%
Pak Hy Oils Limited	Term Finance Certificate	11,250,000	(5250,000)	6,000,000	0.29%	0.30%
Vision Dev. Pvt. Limited	Term Finance Certificate	8,726,250	-	8,726,250	0.43%	0.43%
BRR Guardian Modaraba	Certificate of Musharaka	13,584,257	-	13,584,257	0.66%	0.67%

FY11 Rolling Returns

	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	YTD
IGI IF	10.24%	12.37%	12.82%	9.97%	11.71%								11.44%
BM	12.37%	12.83%	12.92%	13.21%	13.29%								12.92%

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	Sales Load:	2.50%
Fund Type:	Open Ended	Management Fee:	2.00%
Benchmark:	KSE-100	Min. Initial Investment:	PkR 5,000/-
Launch Date:	July 15, 2008	Min. Subsequent Investment:	PkR 1,000/-
Par Value:	100.00	Trustee:	CDC Pakistan Limited
Pricing:	Forward Day	Auditor:	KPMG, Taseer Hadi & Co.
		Listing:	Lahore Stock Exchange

Fund Statistics

Nov, 2010

Fund Performance

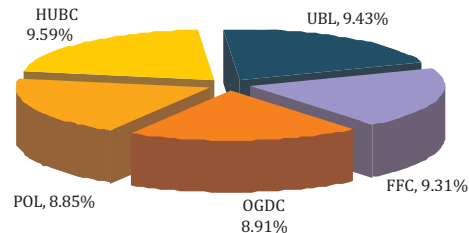
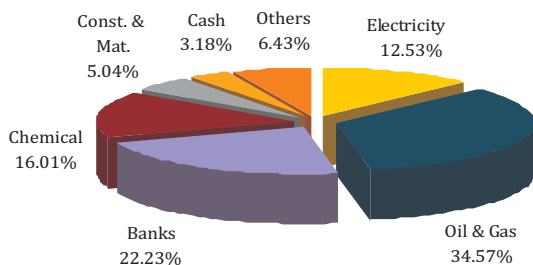
IGI SF

BM

Fund Size (PkR mn):	380	Month (Nov '10):	4.68%	6.00%
NAV (PkR):	113.3117	YTD (Jul '10 - Nov '10):	12.11%	15.56%
Beta:	0.95	Since Inception:	87.87%	2.51%
Standard Deviation:	0.016			
Information Ratio:	0.027			

Asset Allocation

Top Five Holdings



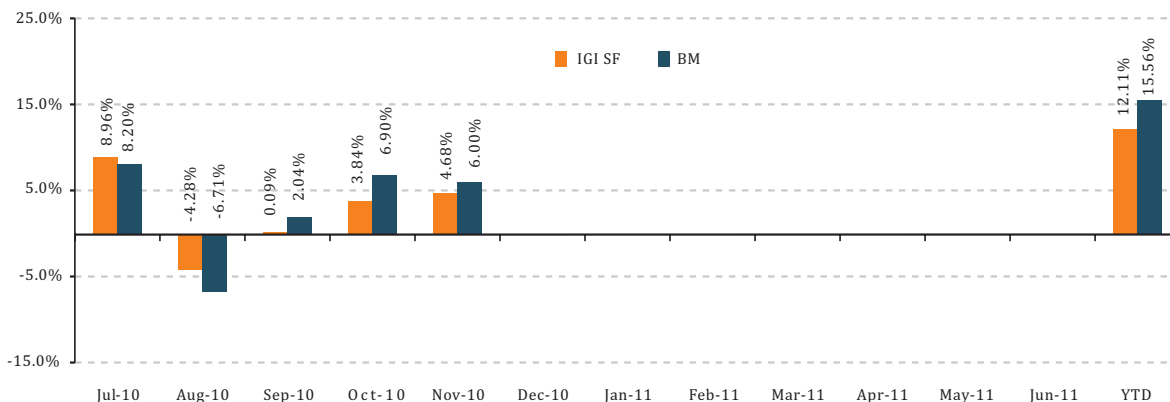
- Asset Allocation and Top Five Holdings are indicated as percentage of total equity holding

Fund Activity

IGI SF ended the month with a MTD return of 4.68% (BM: 6%) and an YTD return of 12.11% (BM: 15.56%). The fund size rested comfortably at PKR 380Mn with 90% exposure in Equities.

The fund remained mainly exposed in Oil and Banks, followed closely by IPPs. The fund remained focused on blue chip scrips, trading at fundamentally attractive levels. The rise in DR directed a marginal effect on the KSE-100, which continued to grow under the continuous flow from the foreign quarter. Therefore, exposure was maintained throughout November. Looking ahead, the market looks poised to attain new heights. IGI SF will maintain a strong position in key sectors, concentrating on stocks that have potential upside and are trading at a discount to their valuations. This will allow the capture of any appreciation witnessed in the index.

FY11 Rolling Returns



IGI Islamic Income Fund

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	Sales Load:	1.00%
Fund Type:	Open Ended	Management Fee:	1.50%
Benchmark:	Average 6 Months Deposit Rates of 3 Islamic Banks	Min. Initial Investment:	PkR 5,000/-
Launch Date:	December 3, 2009	Min. Subsequent Investment:	PkR 1,000/-
Par Value:	100.00	Trustee:	CDC Pakistan Limited
Pricing:	Forward Day	Auditor:	KPMG, Taseer Hadi & Co.
		Listing:	Lahore Stock Exchange

Fund Statistics

Nov, 2010

Fund Size (PkR mn):	434
NAV (PkR):	101.8493
Duration (Months):	6.35
Standard Deviation:	0.006
Information Ratio:	0.193
Expense Ratio:	1.81%

Fund Performance

IGI IIF

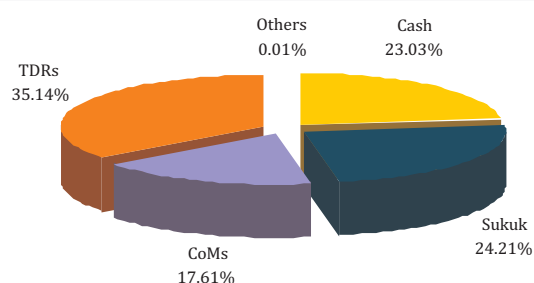
BM

Month (Nov '10):	9.99%	8.58%
YTD (Jul '10 - Nov '10):	9.81%	8.50%
Since Inception:	9.46%	8.15%

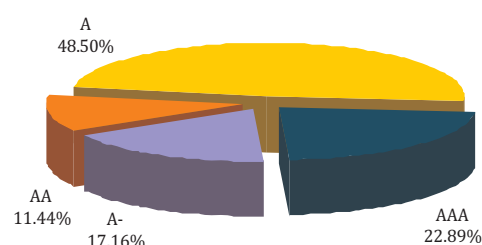
- Standard Deviation and Information Ratios have been calculated using Rolling Returns

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

Asset Allocation



Credit Split

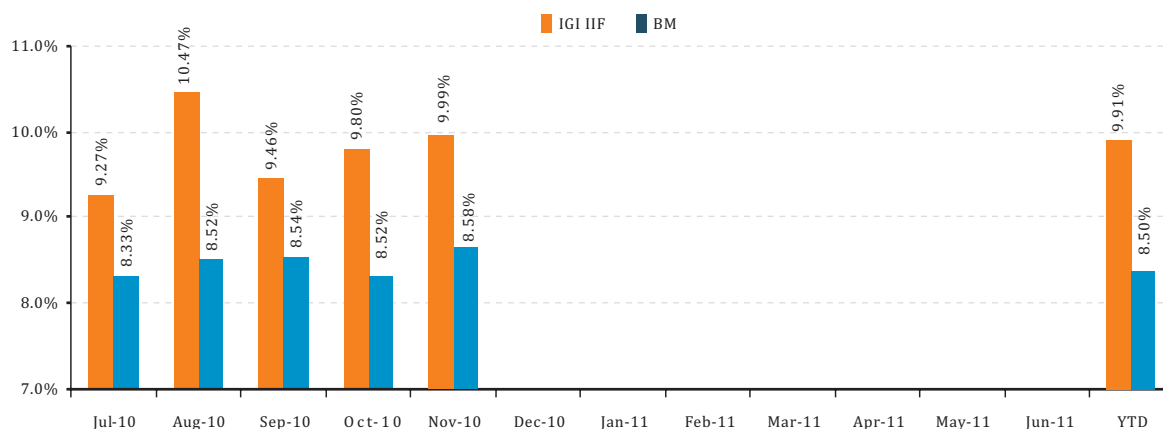


Fund Activity

IGI IIF, in November, posted a MoM appreciation of 9.99% with fund size of PKR 434Mn.

The fund remained fully invested in TDRs/COIs and GoP Ijara Sukuk with no activity witnessed during the month under review. Going forward, the Fund will be looking to acquire the new GOP Ijara which will be auctioned in the coming month. The strategy will be to park funds into higher accrual options to capture the rising yields.

FY11 Rolling Returns



IGI Money Market Fund

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

Investment Objective

As 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	Sales Load:	Nil
Fund Type:	Open Ended	Management Fee:	0.80%
Benchmark:	Average 3 Months Deposit Rate of 3 "AA" Rated Banks	Min. Initial Investment:	PkR 5,000/-
Launch Date:	May 27, 2010	Min. Subsequent Investment:	PkR 1,000/-
Par Value:	100.00	Trustee:	CDC Pakistan Limited
Pricing:	Forward Day	Auditor:	KPMG, Taseer Hadi & Co.
		Listing:	Lahore Stock Exchange

Fund Statistics

Nov, 2010

Fund Size (PkR mn):	1,828
NAV (PkR):	102.1419
Duration (Months):	1.83
Standard Deviation:	0.006
Sharpe Ratio:	-1.96
Information Ratio:	3.16
Expense Ratio:	1.17%

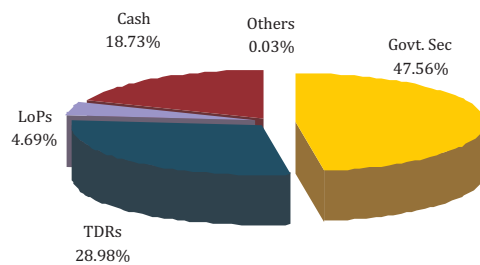
Fund Performance

IGI MMF BM

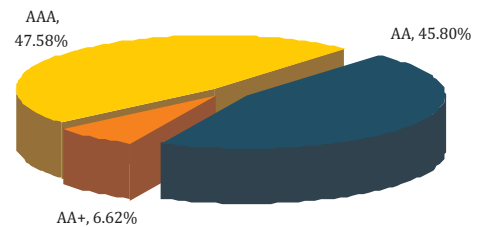
Month (Nov '10):	11.86%	8.48%
YTD (Jul '10 - Nov '10):	11.21%	8.57%
Since Inception:	11.09%	8.36%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - ** Ratio of total expenses including management fee to the average annual net assets.

Asset Allocation



Credit Split



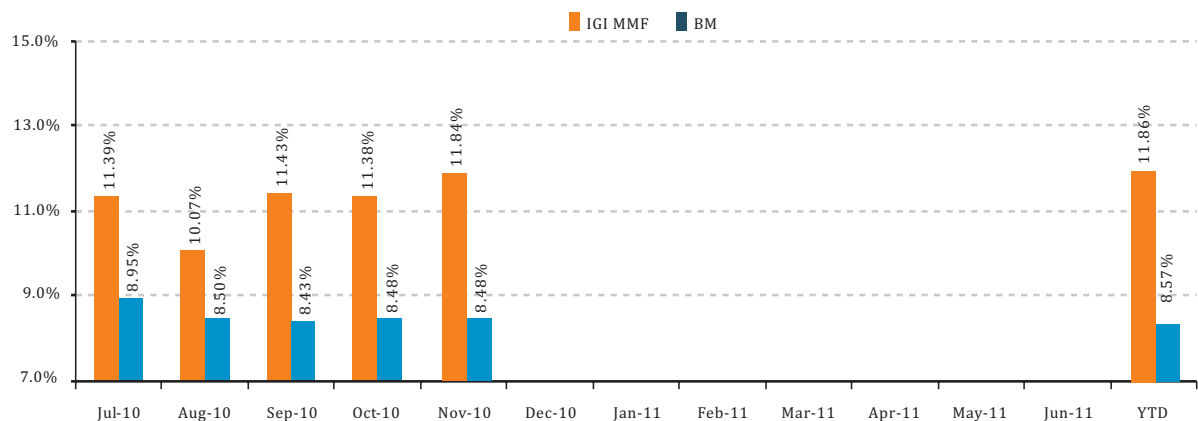
Fund Activity

During November, IGI MMF produced a MTD return of 11.86% against its benchmark of 8.48%. The fund size increase by 24% to close the month at PKR 1.8Bn.

Keeping in view the rising interest rates, the fund concentrated on building its T-Bill portfolio. The focus remained on maintaining a low duration; therefore, shorter tenure papers were traded. In addition, attractive TDR rates for 3 month placement with high quality banks added to the NAV appreciation. The bottom line was further supported by periodic short term placements under LOPs.

Going forward, IGI MMF will maintain a strong presence in T-Bills. Excess funds will be placed in this category, serving redemptions through selling in the secondary market.

FY11 Rolling Returns



IGI Aggressive Income Fund

(Formerly Pak Oman BOP Advantage Plus Fund)

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	Sales Load:	1.00%
Fund Type:	Open Ended	Management Fee:	2.00%
Benchmark:	6 Month KIBOR	Min. Initial Investment:	PkR 5,000/-
Launch Date:	October 25, 2007	Min. Subsequent Investment:	PkR 1,000/-
IGI FL Acquisition Date:	August 06, 2010	Trustee:	CDC Pakistan Limited
Par Value:	50.00	Auditor:	KPMG, Taseer Hadi & Co.
Pricing:	Forward Day	Listing:	Karachi Stock Exchange

Fund Statistics

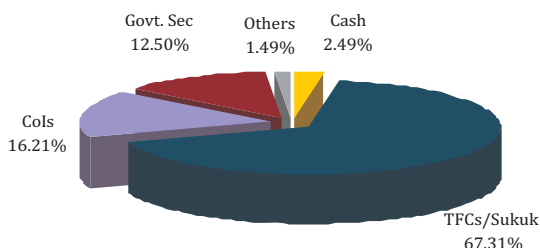
	Nov, 2010
Fund Size (PkR mn):	753
NAV (PkR):	43.2778
Duration (Months):	4.40
Standard Deviation:	0.287
Sharpe Ratio:	-0.92
Information Ratio:	-0.86
Expense Ratio:	2.55%

Fund Performance

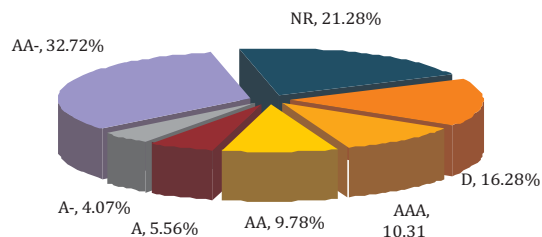
	IGI AIF	BM
Month (Nov '10):	11.12%	13.29%
YTD (Jul '10 - Nov '10):	-19.12%	12.84%
Since Acquisition:	-16.21%	12.92%

- Standard Deviation, Sharpe and Information Ratios have been calculated using Rolling Returns
 - Sharpe Ratio has been calculated against average 3-month T-Bill yield.
 - ** Ratio of total expenses including management fee to the average annual net assets.

Asset Allocation



Credit Split



Fund Activity

IGI AIF completed the period with net assets of PkR753mn. On MoM basis, the Fund posted a return of 11.12% against average 6M KIBOR of 13.29%.

The Fund, in November, maintained its existing exposures in Corporate Bonds, Sukuks and Corporate Bonds. The Govt. Securities holdings are set to mature in the mid of December. The Fund plans to roll over the maturity proceeds in short term T-Bills at attractive yields. The allocation to corporate bonds and Sukuks was maintained as no favorable price settlement was achieved for any of the holdings.

Going forward, the Fund will seek offloading opportunities for troubled Corporate Bonds and redirection will be done in high rated corporate bonds offering attractive valuations or towards a combination of shorter tenor T-Bills and Bank placements.

FY11 Rolling Returns

