

IGI Income Fund

Fund Manager's Report - September 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)	3.43
Standard Deviation	0.12
Sharpe Ratio	-0.14
Information Ratio	-0.18
Expense Ratio *	1.55%

September '09

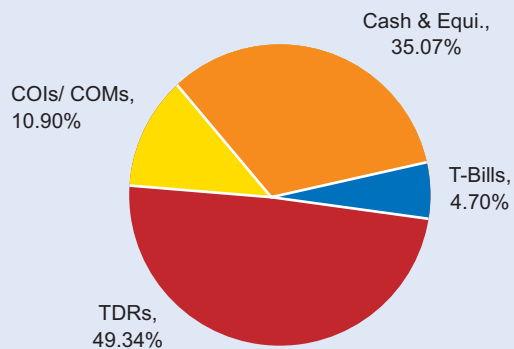
Fund Size (PKR mn)	2,482
NAV (PKR)	102.7705
Monthly Return	10.24%

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

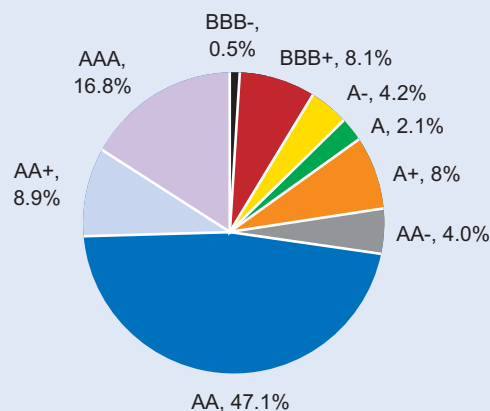
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at September 30, 2009

Asset Allocation



Credit Splits



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 - September 2009

Environment

The most awaited event of the month was the announcement of the Monetary Policy. The State Bank left the discount rate unchanged, until the next MPC announcement in November. The strategy was inline with economic conditions as improvement in the Balance of Payments continues to be overshadowed by inflation and government borrowing.

At the same time, the country's economic outlook rating improved, supported by IMF inflows, FDI and country's rising foreign reserves. This has helped improve the liquidity situation from the earlier part of the calendar year.

The CPI for Aug '09 stood at 10.70% Y-o-Y, an decline from previous month's 11.20% Y-o-Y. However, the CPI for the month under review is likely to be higher, due to the Ramzan and festive holiday factor. Therefore, we do not expect significant downward movement in the discount rate going forward.

Future Outlook

Future interest rate movement will stay high dependent on foreign inflows and inflation outlook. We expect rates to remain steady for the time being.

As such TFCs and T-Bills are expected to become more attractive given that volatility in these instruments should reduce with steady interest rates and improved liquidity. Furthermore, government borrowing from commercial banks will also keep yields high.

Fund Activity

The principal focus remained in TDR placements and T-Bills for the month under review. The Fund allocated funds in short term TDRs, redistributing the cash balances.

At the same time placements in 12-mth and 6-mth T-Bills were executed from the primary and secondary market. Yields on these bills have appreciated lately and are now offering better returns than TDR rates hence prompting allocation in the portfolio.

Fund Performance

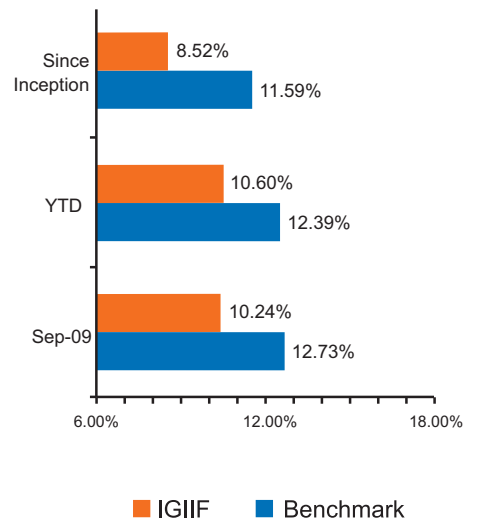
The Fund closed the month with net assets of PKR 2,482 million, with the NAV standing at PKR 102.7705. The Fund currently enjoys a Standard Deviation of 0.12 and an Expense Ratio of 1.55%.

The Fund's yield remained attractive in comparison to deposit rates offered by banks. Preservation of the capital, and additional income on investments of the investor remains the prime objective of the Fund.

Fund Strategy

The Fund is expected to make placements in short term tenors, for rollover of TDRs. Furthermore, to boost yield the Fund plans to gradually build up a high quality TFC portfolio in instruments that have exhibited least volatility and sound rating. We also expect to maintain a sizeable position in T-bills as rates are attractive at current levels .

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 - September 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	0.93
Standard Deviation	0.02
Information Ratio	0.19
Return (since incep.)	72.06%

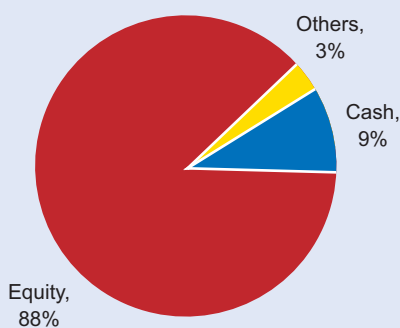
September '09

Fund Size (PKR mn)	482.48
NAV (PKR)	139.29
Monthly Return	7.05%

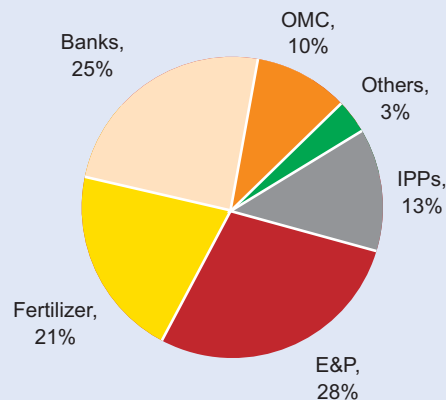
Note: Standard Deviation and Information Ratio have been calculated using daily returns.

Fund Position as at September 30, 2009

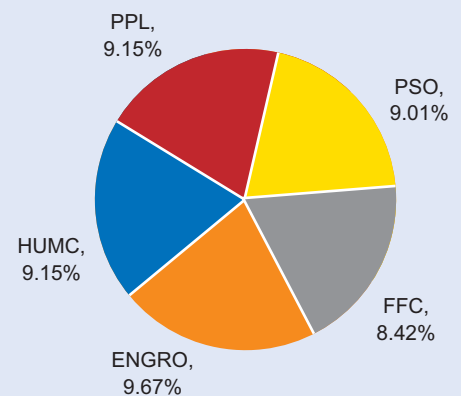
Asset Allocation



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 - September 2009

Environment

The KSE-100 peaked in September, sustaining above the 9,700 mark and appreciating 7.24% overall. The main reason has been growing FIPI figures, registering at USD 128Mn for the month (Aug '09: USD 98Mn). In addition, the issuance of TFCs worth PKR 85Bn for resolution of cyclical debt has also eased pressure in the OMC and refining sectors

On the flipside, no change in the Monetary Policy pushed the benchmark Index into negative territory in late September with a 370 point correction from the month high of 9714, as growing inflation and government borrowing took centre stage.

Future Outlook

Major technical support for the market is at the 9,200 level. However the benchmark Index should see additional gains as and when future positive triggers come into play. Results season for 1QFY10 will set the tone for overall results expectations for this fiscal year and will affect individual scrip movements. Market participants are now anticipating a rate cut in the November monetary policy meeting. Continued foreign portfolio investment flows will provide additional upside and the Index should hover around the 10,000 mark towards the close of the year.

Fund Activity

IGI SF's equity exposure fluctuated during September. The strategy was to maintain a strong position, whilst realizing gains as the market oscillated around its peak. The main concentration remained in Banks and Oil, which recorded the highest capital gains during the month. Exposure in Fertilizer and IPPs was maintained to add steady appreciation to the NAV.

Fund Performance

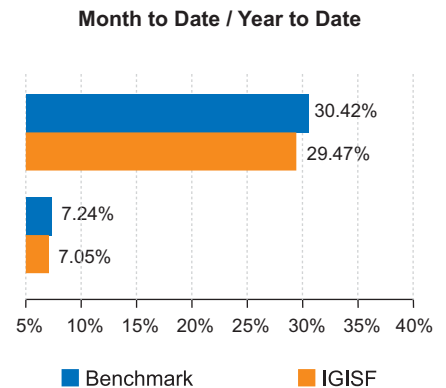
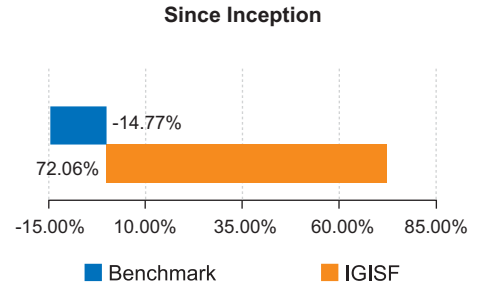
IGI SF performed well in a tricky market scenario. The Fund finished the month 88% exposed in fundamentally strong scrips, trading at attractive technical levels. The main concentration fell on Oil, Banks and Fertilizers.

IGISF generated a return of 7.05% (BM: 7.24%) on MTD basis and 29.47% (BM: 30.54%) on YTD basis. The fund continues to enjoy a Standard Deviation of 0.02 and an Information Ratio of 0.19.

Fund Strategy

Going forward, IGI SF will maintain concentration in scrips which are fundamentally at a discount to the Index and have relatively greater upside potential in the rising market.

Returns Comparison



IGI Funds Limited

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