

IGI Income Fund

Fund Manager's Report - February 2008

Fund Facts

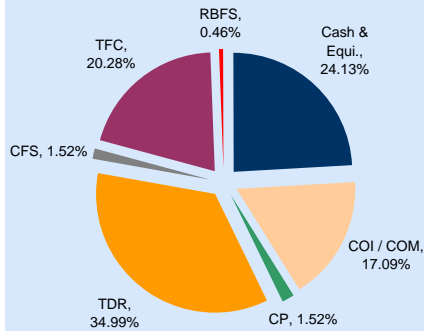
Management Company	IGI Funds Limited	Benchmark	1-month KIBOR
Fund Type	Open-end	Fund Size (Net Assets)	PKR 3,220 Million
Fund Lifespan	Perpetual	NAV per Unit	PKR 106.6009
Dealing Frequency	Daily	Duration (months)	4.54
Capital Gains Tax	As per tax laws	Standard Deviation	0.23%
Pricing	Forward Day	Sharpe Ratio	0.98
Sales Load	Currently 0%	Information Ratio	0.16
Asset Class	Fixed Income	Return (February)	9.36%
Management Fee	1.25%	Expense Ratio *	1.57%
Holding Period	None		
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 Manager	Muhammad Umair Chauhan		

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

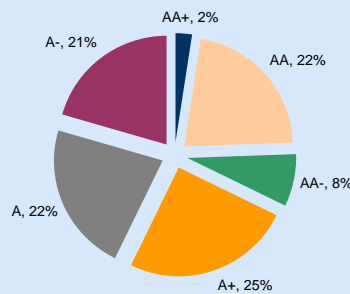
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using monthly returns for FY08 and Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at February 29, 2008

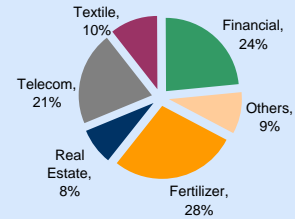
Asset Allocation



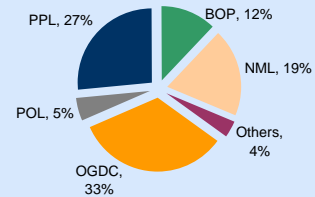
Credit Splits



TFC Portfolio



CFS & RBFS 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 - February 2008

Environment

The General Elections 2008 helped bring back foreign investment in the country. SCRA showed a net inflow of PKR 206 million in February. No foreign investment was reported in fixed income instruments and all fresh inflow was in equities.

KIBOR moved up on all tenures due to the hike in discount rate, and this time the 6-month KIBOR was able to stand firm above 10.25%. During the first half of February, money market remained largely liquid although the tail-end overnight REPO rates escalated to over 10.00% and a discounting of PKR 80 billion was witnessed. SBP conducted two T-Bill auctions and raised the cut-off yields on all tenures by 35 to 60bps.

CPI registered an increase of 11.90% for the month of January on the back of 18.20% jump in food inflation. Rates on TDRs remained unattractive as bidders took advantage of the liquidity in the market.

Activity in the TFC secondary market was scant as focus remained on new issues. Three listed TFCs were offered to general public for subscription. CFS investment once again moved to its upper cap of PKR 55 billion and CFS rates also improved by 94bps as the KSE-100 index breached the 15,000 mark for the first time.

Future Outlook

The interim government has increased oil and electricity prices as this will help it to reduce the budgetary burden but at the cost of the inflationary pressure. Since foreign inflow has started, it will help reduce the external current account deficit.

Economic direction of the country will be clear once the new government takes charge and it will have to complete privatization and GDR transactions aggressively to finance the ever increasing deficits. It seems that the SBP will maintain its tight stance to try to keep inflation low and the Rupee stable.

Fund Activity

During February, IGIIF increased its exposure in COI / COM by placing the funds with some new counters having good credit rating. Exposure in CFS, RBFS, CP and TFC was marginally increased.

Fund Performance

As at February 29, 2008, Net Assets of the Fund stood at PKR 3.22 billion. The per unit NAV at period end was PKR 106.6009. The Fund yielded 9.36% p.a. for the month compared to an average return of 9.86% p.a. for 1-month KIBOR and industry average of 9.00% p.a.

The Weighted Average Duration of the portfolio is 4.54 months. The Standard Deviation of the monthly returns for FY08 is 0.23% - amongst the lowest in the industry. The Sharpe Ratio (measured against 3-month T-Bill) and the Information Ratio (measured against Benchmark) was 0.98 and 0.16, respectively.

IGIIF has provided positive return on every single day since its launch on April 14, 2007. IGIIF stands among the top performing funds on the basis of Return, Standard Deviation, Information Ratio and Sharpe Ratio.

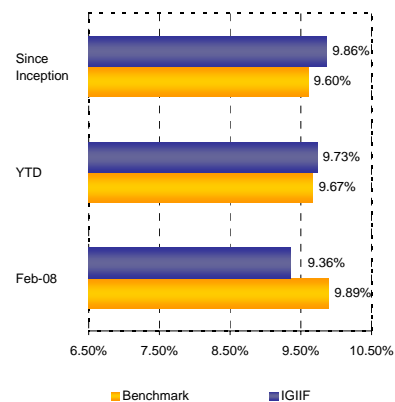
Fund Strategy

IGIIF plans to increase exposure in TDRs and TFCs as currently the duration of IGIIF is only 4.54 months and can be increased by another at least 2-3 months to improve the overall return of the Fund.

CFS rates have increased and so has the exposure to CFS. If rates improve further we will further increase exposure in CFS.

Currently IGIIF has term exposure in 13 financial institutions with an average exposure of 5.6% per party. We would like to bring it below 5.0% by having exposure to new counters. This will help us in reducing the re-investment risk.

Returns Comparison



Rolling Returns

	IGIIF	KIBOR	OP/UP *
1M	9.36%	9.89%	-0.53%
2M	9.61%	9.86%	-0.25%
3M	9.62%	9.85%	-0.23%
6M	9.59%	9.75%	-0.16%
9M	9.78%	9.63%	0.14%
12M**	9.86%	9.60%	0.26%

* OP = Out Performance and UP = Under Performance

** Since April 14, 2007

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