

IGI Income Fund

Fund Manager's Report - March 2008

Fund Facts

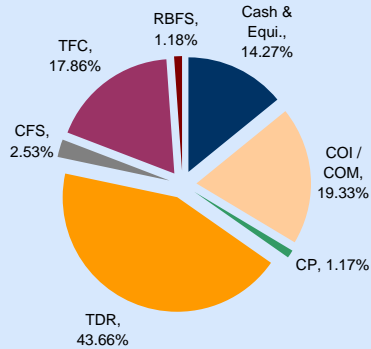
Management Company	IGI Funds Limited	Benchmark	1-month KIBOR
Fund Type	Open-end	Fund Size (Net Assets)	PKR 4,045 Million
Fund Lifespan	Perpetual	NAV per Unit	PKR 107.4554
Dealing Frequency	Daily	Duration (months)	3.92
Capital Gains Tax	As per tax laws	Standard Deviation	0.21%
Pricing	Forward Day	Sharpe Ratio	0.84
Sales Load	Currently 0%	Information Ratio	0.00
Asset Class	Fixed Income	Return (March)	9.44%
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.

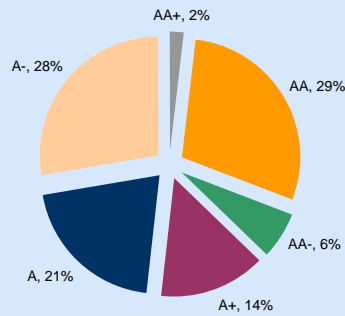
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using monthly returns for FY08 and Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at March 31, 2008

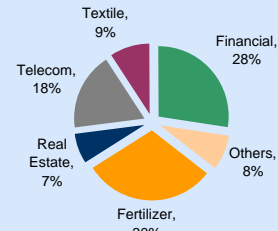
Asset Allocation



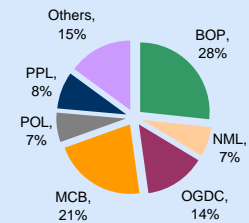
Credit Splits



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 - March 2008

Environment

After the settlement on the political front, debate on the economic situation of the country continues. The SBP recently released second quarterly report for FY08 and admitted that most of the economic targets will be missed. Growing macroeconomic imbalances are exerting inflationary pressure on the economy.

TDR rates moved higher in the later half of the month, as banks sought funds to meet their quarterly targets. KIBOR also moved up on all tenors and the 6-month KIBOR averaged 10.32%, slightly higher than last month. Money market remained mixed and O/N repo rates moved between 1.50% and 10.50%.

SBP was able to sell PKR 30.36 billion worth T-bills and PKR 4.8 billion PIBs in the month under review. Cutoffs for the bonds jumped by 29 to 67bps on different tenors.

Activity was seen in the TFC market as the yields on TFCs are expected to move up by 30-35bps due to higher KIBOR.

Future Outlook

The new government faces serious economic challenges. The act calls for juggling the right combination – efficient collection of taxes, less reliance on SBP for financing, better administrative controls for food items, steady inflow of foreign investment and remittances - to name just a few.

Although TDR rates are unlikely to improve in the short term, some jump may be seen towards the quarter ends. Brisk activity may be expected in the TFC market as TFCs still offer better yields.

Fund Activity

During March, IGIIF took advantage of the quarter-end factor to book some TDRs at attractive rates. IGIIF added 4 more financial institutions in its portfolio to bring the average per party exposure down to 4.51%. Exposure in CFS and RBFS was also increased as CFS rates and spread on RBFS improved.

Fund Performance

As at March 31, 2008, Net Assets of IGIIF stood at PKR 4.05 billion. The per unit NAV at period end was PKR 107.4554. The Fund yielded 9.44% p.a. for the month compared to an average return of 10.01% p.a. for 1-month KIBOR and an industry average of 9.14% p.a.

The weighted average Duration of the portfolio is 3.92 months. The Standard Deviation of the monthly returns for FY08 is 0.21% - amongst the lowest in the industry. The Sharpe Ratio and the Information Ratio for the same period was 0.84 and 0.00, respectively.

Return on IGIIF has been very consistent since its inception and that is evident from the lowest Standard Deviation of IGIIF in the industry. Low volatility, positive risk adjusted return and superior portfolio quality are the hallmarks of IGIIF.

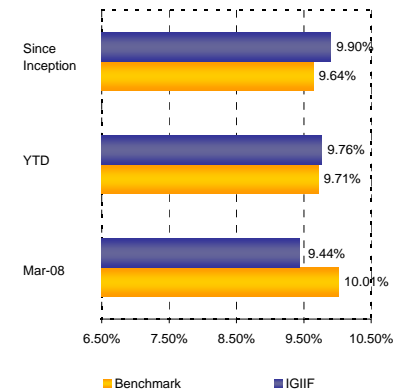
Fund Strategy

IGIIF plans to increase exposure in TFCs as 6-month KIBOR has sustained above 10.30%, after an increase in discount rate by the SBP and resultant 30-35bps jump in yields of TFCs.

IGIIF may also increase some exposure in long term TDRs as it can afford to increase the duration of the portfolio.

CFS Mk II is being implemented from April 2008. If rates on CFS remain comparable to rates on instruments of similar maturities, IGIIF may increase exposure in CFS.

Returns Comparison



Rolling Returns

	IGIIF	Benchmark	OP/UP *
1M	9.44%	10.01%	-0.57%
2M	9.43%	9.95%	-0.52%
3M	9.60%	9.91%	-0.31%
6M	9.61%	9.83%	-0.22%
9M	9.76%	9.71%	0.05%
12M**	9.90%	9.64%	0.26%

* OP = Out Performance and UP = Under Performance

** Since April 14, 2007

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