

# IGI Income Fund

Fund Manager's Report - February 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	Currently 0%
Management Fee	1.25%
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

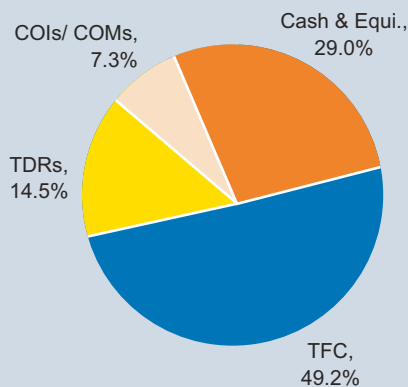
Duration (months)	3.24
Standard Deviation	0.13
Sharpe Ratio	-0.15
Information Ratio	-0.20
Expense Ratio *	2.45%
<b>February '09</b>	
Fund Size (PKR mn)	1,355
NAV (PKR)	102.1280
Monthly Return	15.20%

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

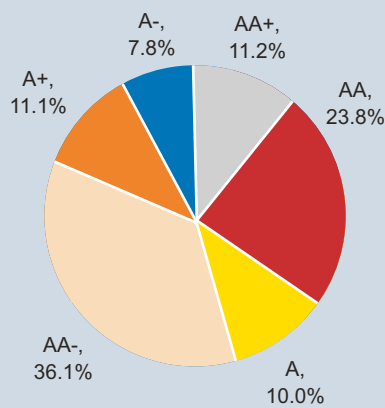
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

## Fund Position as at February 27, 2009

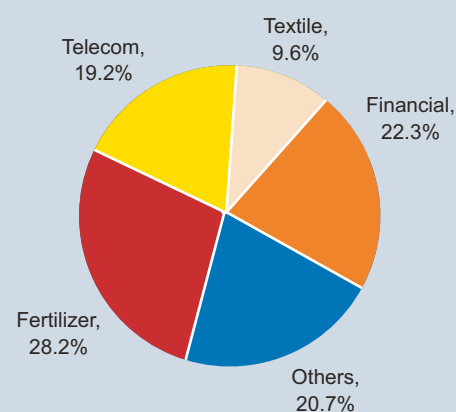
### Asset Allocation



### 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](http://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 2009

### Environment

The most noticeable event in the month was the IMF meeting. Review of the country's statistical data and strategy for FY10 (July '09 - June '10) were discussed positively. Targets of GDP growth at 4%, fiscal deficit at 3.30% and inflation 6% were envisaged for FY10. IMF is ready to disburse the second tranche (US\$840 mn) of SBA (standby agreement) by March-end. The country is set to gain economic betterment, in contrast to other countries still facing the financial meltdown.

Pakistan's strict payment of US\$500 million on retirement of international bonds exhibited the credit worthiness of the country in times of global meltdown. Our stability and strength to weather the storm will help improve country's rating by international rating agencies.

Inflation for the period July '08 - Jan '09 stood at 23.90%, with January inflation (on YoY basis) registering at 20.50%.

### Future Outlook

Interest rates are likely to contract further as excess liquidity is available in the banking system. Revision in bank rates have been visible and further revisions are expected near the next quarterly Monetary Policy. Yields for T-bills are also expected to fall in the forthcoming auctions.

### Fund Activity

Little shuffling was experienced in the portfolio; a commercial paper matured, and a corporate bond was offloaded during the period under review. Proceeds of the two transactions added to the cash accounts.

The fund had more than a quarter of the portfolio in cash & cash equivalents, evenly through the month. Thus, enabling the fund to exercise timely deployments.

### Fund Performance

The Fund closed the month with net assets of PKR 1,355 million and the NAV stood at PKR 102.1280.

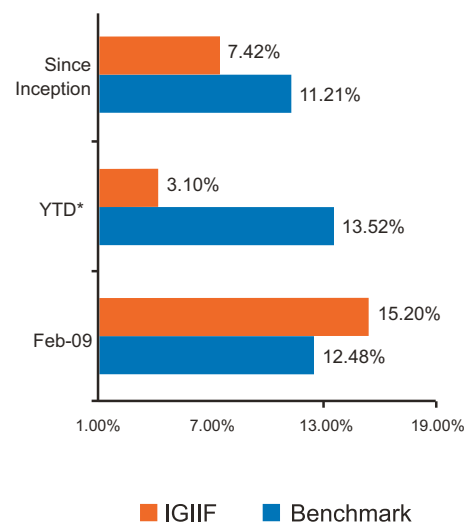
The Fund experienced gain in the TFC portfolio as revaluation from MUFAP prices appreciated for the period. IGI IF continued to perform well, in the month-to-date (MTD) and year-to-date (YTD) yields with respect to other fixed income funds.

### Fund Strategy

The focus remains in investment of medium-to-long term tenures, as rates for shorter tenors are expected to nose-dive going forward. The country is focusing on a single digit inflation rate by next year. This confirms rates to remain depressed for FY10, across the board.

The market expects the Discount Rate to revise downward in the forthcoming Monetary Policy in April. Therefore, caution is to be exercised while placing funds, with tackling rates as the priority.

### Returns Comparison



\* Returns are computed on absolute basis

### \*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 - February 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

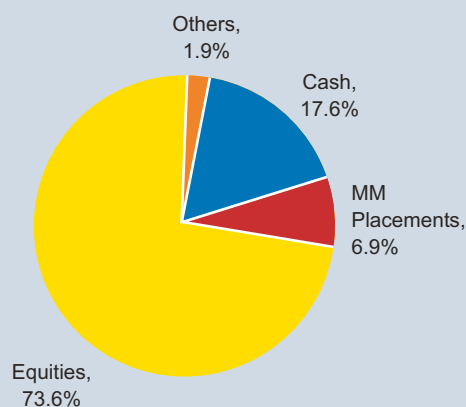
Beta	0.72
Standard Deviation	0.02
Information Ratio	0.19
Return (since incep.)	4.94%

	<b>February '09</b>
Fund Size (PKR mn)	219
NAV (PKR)	104.94
Monthly Return	4.66%

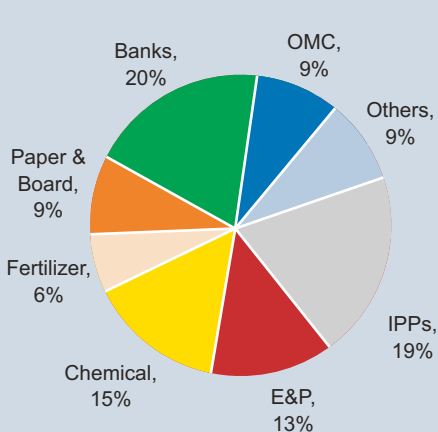
Note: Standard Deviation and Information Ratio have been calculated using daily returns.

## Fund Position as at February 27, 2009

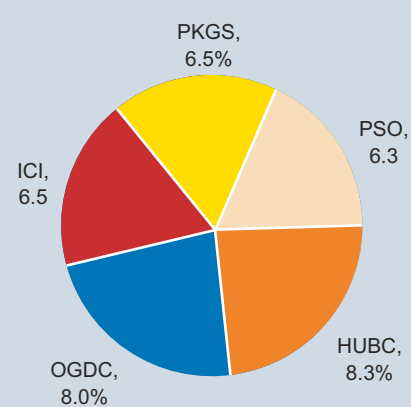
### Asset Allocation



### Sector Allocation\*



### Top Five Holding\*



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

## 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](http://www.igifunds.com.pk) for detailed information prior to investment.

**IGI**  
Funds

[www.igifunds.com.pk](http://www.igifunds.com.pk) 0800-2-34-34

### 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 - February 2009

#### Environment

As hypothesized, the market remained range bound in February with strategy limited to short term placements. The index surpassed the 6,000 psychological mark, but has dropped since. Payout announcements for key sectors during the period and relaxation of IAS 39 rule in accomodating M2M losses has bolstered investor confidence. Also, USD 34Mn worth of Foreign selling was absorbed by the market without any significant side effects.

In addition, economic indicators are positive with Current Account Deficit 25% lower (MoM Basis) in January 2009, FOREX Reserves at a healthy USD 10Bn mark and a 13% YoY surge in FDI in 7MFY09. PIB cut off yields have risen by 39bps against a 69bps decline in 6Mth KIBOR.

#### Future Outlook

The underlying trend in the market supports ascension of the index, earmarked with periodic corrections. Short term punting will remain the norm as investors remain cautious.

Subsequently, improving economic indicators will also help restore the confidence. Factors such as inclusion of Pakistan in MSCI Barra Frontier Markets index, and possible reduction in policy rates support this claim.

Despite the positive attributes in the market, the prevailing political strife may affect the index adversely. Therefore, investments should take this variable into accounts.

#### Fund Activity

The fund remained active in the market, accumulating on dips and booking profits when capital gains surpassed the expectations. IGISF remains exposed between the range of 65 - 75%, depending upon the index level. The fund has also capitalised on the recent payouts, as the portfolio mainly holds dividend paying shares. This has contributed positively to Fund's NAV.

#### Fund Performance

The KSE 100 Index remained favorable for the month, generating a MTD return of 6.51%. The Fund underperformed the index by 185 bps. The surge was attributable to the handsome payouts by high beta stocks that attracted heavy trading.

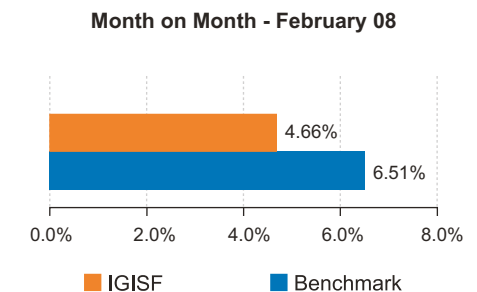
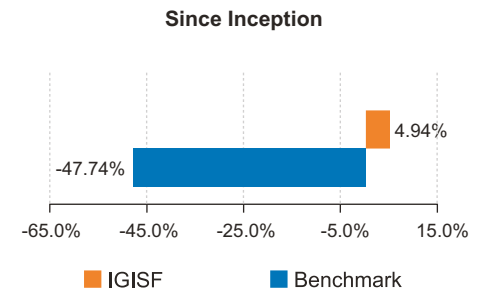
Since Fund's inception, the index has reduced its negative return to 47.74%. During the same period, the Fund continues to outperform the market, with a return of 4.94%. In addition, the fund enjoys a standard deviation of 0.02 and an information ratio of 0.19.

#### Fund Strategy

The strategy is to capitalise on index appreciation and book capital gains where seem appropriate. The selected shares in our universe are to be maintained as they remain value adding items and reflect the benchmark closely. Accumulation will take place at our expected bottom prices, where dividend yields are at their highest.

Interest in MMK instruments will continue, depending upon rate of return in a falling KIBOR scenario.

#### 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](mailto:funds.services@igi.com.pk)