

IGI Income Fund

Fund Manager's Report - January 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

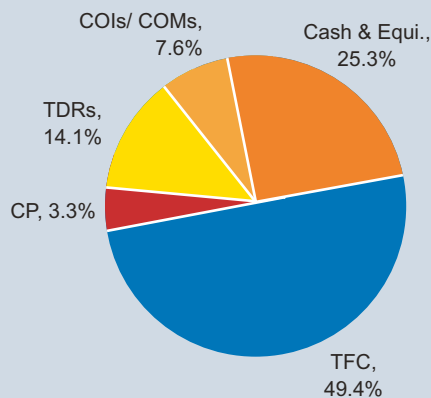
Duration (months)	3.48
Standard Deviation	0.14
Sharpe Ratio	-0.17
Information Ratio	-0.21
Expense Ratio *	2.43%
January '09	
Fund Size (PKR mn)	1,250
NAV (PKR)	101.0257
Monthly Return	19.04%

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

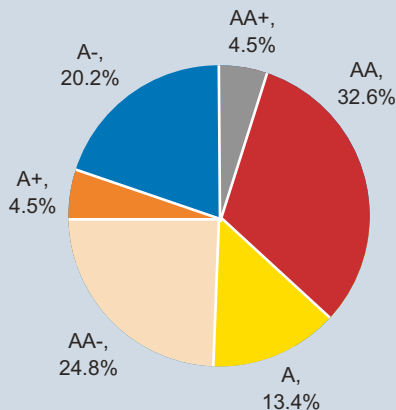
Note: Standard Deviation, Sharpe and Information Ratios have been calculated using Since Inception returns. Sharpe Ratio has been calculated against 3-month T-Bill while Information Ratio is against Benchmark.

Fund Position as at January 30, 2009

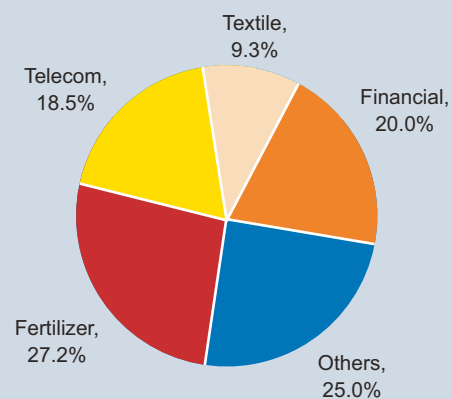
Asset Allocation



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 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 - January 2009

Environment

The new year welcomes us with new resolutions and aspirations of the economy-war being won, or at least the greater part of it. Being pessimistic on the world economy is one thing, but restoration in the foreign reserves, and lower inflation and budgetary borrowing have helped the economy steer towards betterment, even if on a slower pace. The State Bank of Pakistan (SBP), in its recent Monetary Policy for the 3QFY09, kept the discount rate unchanged (15%). Two other announcements were; auction cutoffs for T-Bills to be decided by the Ministry of Finance (MoF) with a schedule provided earlier, and that the Monetary policy would be announced quarterly as opposed to semi-annually.

Inflation for the period July '08 - Dec '08 stood at 24.40%, with December inflation (on YoY basis) registering at 23.30%.

Future Outlook

We believe its time for interest rates to shed, after enjoying high levels. The SBP's decision to hold a quarterly Monetary Policy comes as a relief to impact the current environment scenario on a frequent basis. Deposit rates are expected to lower, backed by improving inflation figures, strong foreign reserves and increased liquidity in the banking system.

Market participants are expected to partake in the longer-term maturities (T-Bills 1yr and above) to capitalize on falling interest rates.

Fund Activity

In times of illiquidity in the market, the IGIIF planned to remain liquid to cater for unforeseen future requirements. Healthy Cash & cash equivalents were maintained to take opportunity with minimum risk on any new placement requirement.

Few offloads were experienced in the TFC portfolio, to take advantage at the marked-to-market price, sparing any loss, with the proceeds added to the cash requirement.

Fund Performance

The Fund closed the month with net assets of PKR 1,250 million and the NAV stood at PKR 101.0257.

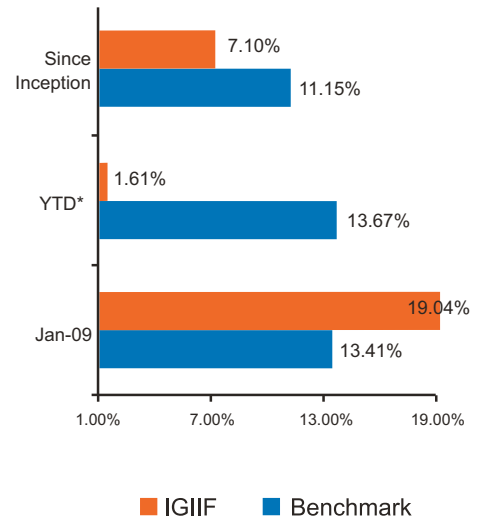
The IGIIF further gained on revaluation from MUFAP on corporate bonds. The month-on-month (MoM) and year-to-date (YTD) yields were further enhanced. The Fund was compared above par against industry peers.

Fund Strategy

The Fund plans to invest in medium-to-long term maturities going forward, as interest rates start to recede further. However, timing of placements would remain the key to mark higher gains in the market.

There might be a softening in the discount rate, for the last quarter of the fiscal year. But this is highly dependent on the improvement in the economic data figures to be released.

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 - January 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

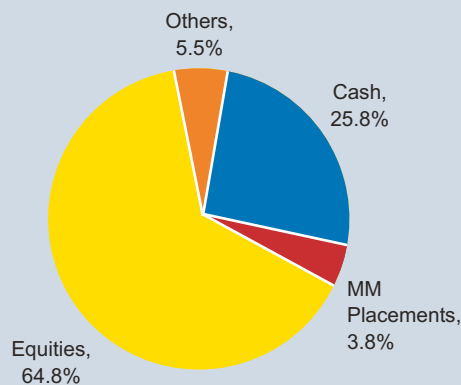
Fund Stats

Beta	0.58
Standard Deviation	0.02
Information Ratio	0.22
Return (since incep.)	0.27%
	Jan '09
Fund Size (PKR mn)	209.44
NAV (PKR)	100.27
Monthly Return	3.77%

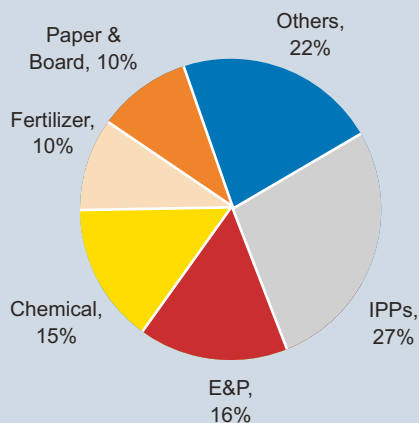
Note: Standard Deviation and Information Ratio have been calculated using daily returns.

Fund Position as at January 30, 2009

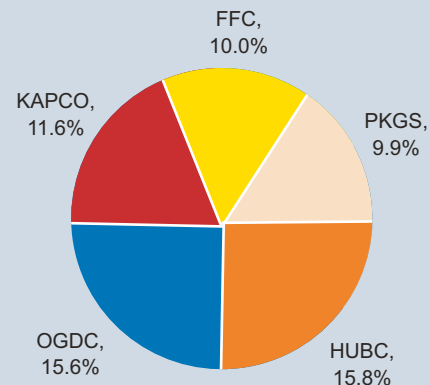
Asset Allocation



Sector Allocation*



Top Five Holding*



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

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IGI
Funds

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 - January 2009

Environment

The KSE-100 index has declined by 43.5% since the floor was removed in mid December 2008. The market regained composure during this period, recovering 13%, before falling back to its present level.

Despite the heavy oscillation, the market is easing out of its trough. Inflation is down to 24.43% for Jul-Dec'08, with FX Reserves returning to USD 10Bn mark. Foreign counters have also been active, lending further support to the index.

To aid dwindling market volumes, the NIT SEF has been investing in high beta stocks to support the index. This has led to considerable turnover, with volumes increasing by 153%, within the period under review.

Future Outlook

The market is expected to continue oscillating, with punters concentrating on short term positions. Because of the absence of an active CFS and Futures market, the equity side is seeing cash based transactions. Hence, a significant index slide could be avoided.

In addition, positive economic indicators suggest rejuvenation of the index. Inflation rates are expected to continue their decline, which would lead to interest rate relaxation. This will greatly aid leveraged stocks that have suffered under high financial charges.

Also, the banking sector has been allowed to exercise the FSV rule against its NPL's. This will increase earning expectations in the weighty sector of the index by 2QFY09.

Fund Activity

Since the floor removal, the Fund slowly increased its exposure in equities especially in dividend yielding blue chips. The capital gains were realized where seemed appropriate with the ensuing spikes in the index.

At month end, the Fund's exposure in equity rested at 64.8% and 3.8% in MMK investments.

Fund Performance

With a MTD return of 3.77%, the Fund outperformed the benchmark by rising 145%. In January, the KSE-100 index witnessed a decline of 8.31%.

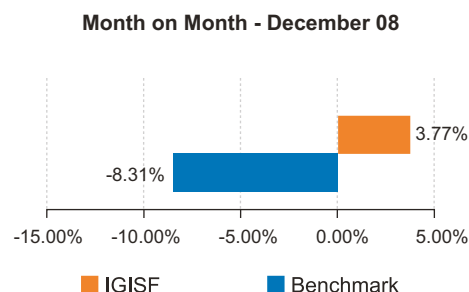
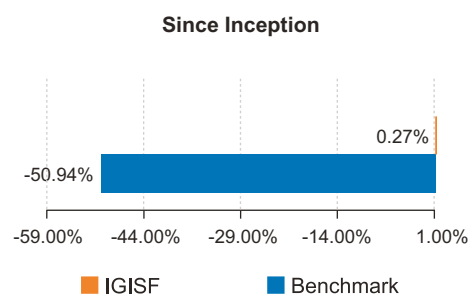
The month end saw the Fund above its par value taking the YTD return in the positive territory. On YTD basis, the Fund has yielded a return of 0.27% as against a decline of 50.94% in the benchmark.

Fund Strategy

Going forward, the Fund will continue to maintain a constant presence in dividend yielding scrips to bolster the return. The Fund will realize capital gains when all expectations seem to be priced in.

In addition, placement in Fixed Income will continue to generate a regular and steady profit stream.

Returns Comparison



IGI Funds Limited

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