

FUND SELECT

An Investment Guide to Mutual Funds

Highlights

Capital Markets Review

March reflected the crucial turnaround of the KSE 100 index with the Mar 2009 returns rising to 26% from the trough. Investor interest rebounded substantially with the pace of foreign investor outflow decelerating.

Income/Money Market/ Islamic Income Funds

Considering the year-to-date annualized returns, Pakistan Income Enhancement Fund and the Pak Oman Advantage Islamic Income Fund were neck and neck for the top slot.

Funds of the Month Mar 2009

Crosby Dragon Fund, United Stock Advantage Fund, KASB and MCB Stock Fund all registered returns in the range of 20% during March 2009 indicating a significant reversal in Equity Funds' trend lines from negative territory less than a month earlier.

IGI Stock Fund

Since Inception IGI Stock Fund has performed remarkably well reflecting 24% gains on defensive plays in the E&P and IPP sector. Exposure levels increased in line with market trends from 74% to over 90% invested with the Money Market instruments providing consistent support to NAVs.

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All figures given in the report are verified from respective AMCs or FMRs. However, for any further clarification regarding database & return calculations please send your queries to the following:

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Please Note: Funds launched after June 30, 2008 are not considered for top ten ranking

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Capital Markets Review

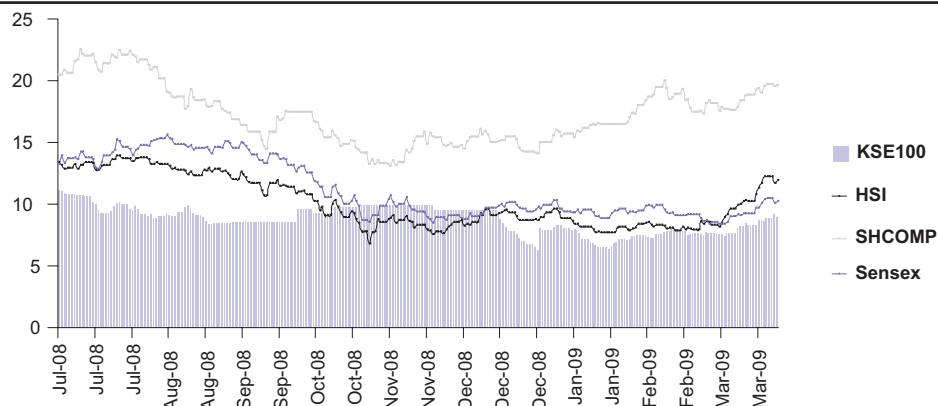
Money Market Snapshot

Benchmark 6mo KIBOR remained relatively flat during Mar09 in anticipation of an impending rate cut in Apr09's Monetary Policy Statement. The market remained tight throughout March with the SBP stepping in to inject liquidity through frequent OMOs. O/N Repo and Call rates also remained in a tighter corridor against the Discount rate of 15%. T-bill cut off yields also reflected an upward trend with benchmark 6mo secondary market T-bill rates tightening on the short end of the curve reflecting demand for short term paper and an inverted yield curve.

Capital Markets Review

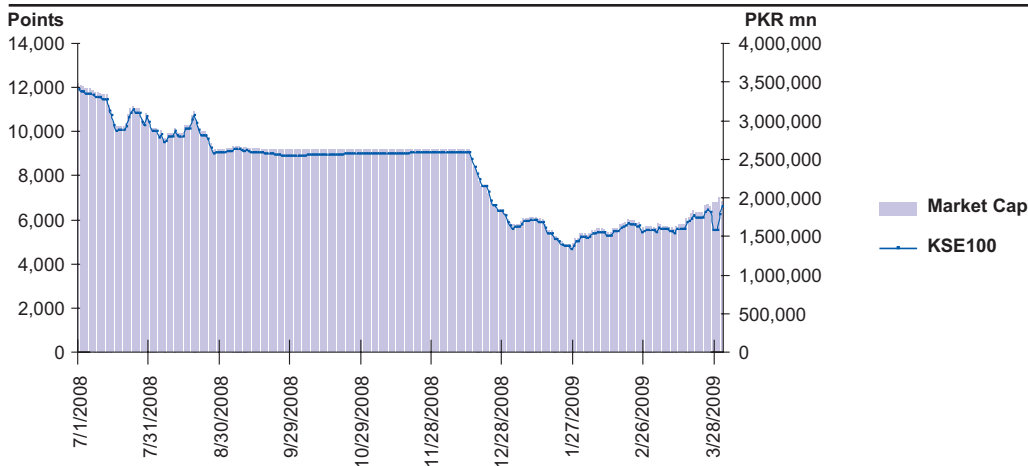
March reflected the crucial turnaround of the KSE 100 index with the Mar 2009 returns rising to 26% from the trough. Investor interest rebounded substantially with the pace of foreign investor outflow decelerating. Daily turnover also saw rapid gains from a bare 48mn shares a day to over 300mn shares during the month. Optimism regarding the resolution of the Long March, re-instatement of the Chief Justice and positive reviews by the IMF regarding quarterly targets affirmed investor confidence.

Global Market Trends (Jul 08 to Mar 09)



Source: Bloomberg

KSE 100 Index and Market Cap (Jul 08 to Mar 09)



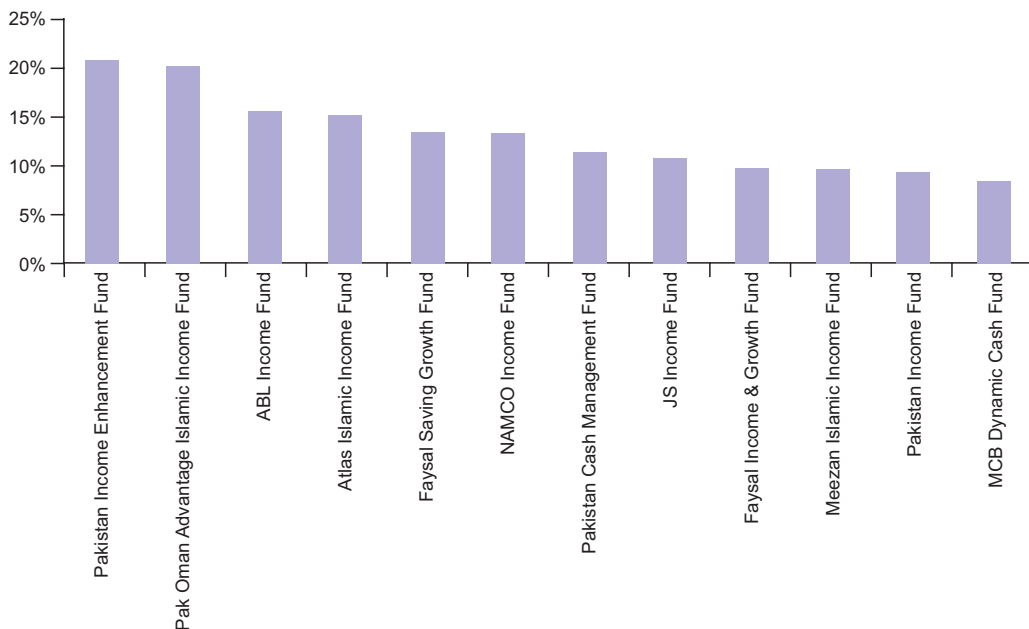
Source: Bloomberg

Income/Money Market/ Islamic Income Funds

YTD Performance Highlights

Considering the year-to-date annualized returns, Pakistan Income Enhancement Fund and the Pak Oman Advantage Islamic Income Fund were neck and neck for the top slot. The top two funds were closely followed by ABL Income Fund and Atlas Islamic Fund; both raking in above 15% in gains on an annualized basis.

Open-ended Income and MM Funds



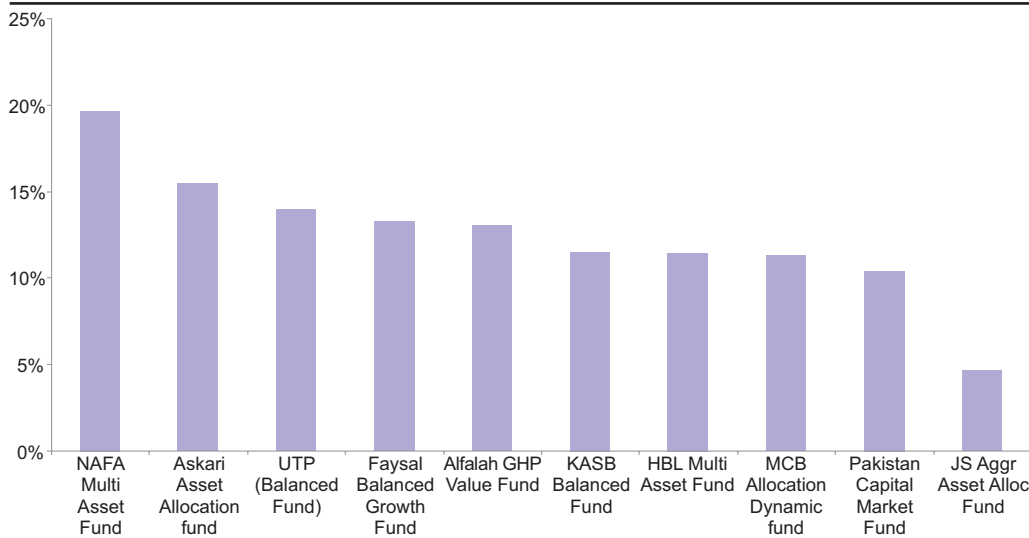
Source: IGI Fund Select

Funds of the Month Mar 2009

Asset Allocation & Balanced Funds

Leading the pack amongst the Asset Allocation and Balanced Funds is NAFA Multi-Asset Fund with a return just under 20% for the month of Mar09. Following closely are Askari Asset Allocation and UTP Balanced Fund. Faysal Balanced Growth Fund and Alfalah GHP Value Fund all sustained highs above 13% during the month.

Asset Allocation and Balanced Fund Mar09 Highlights

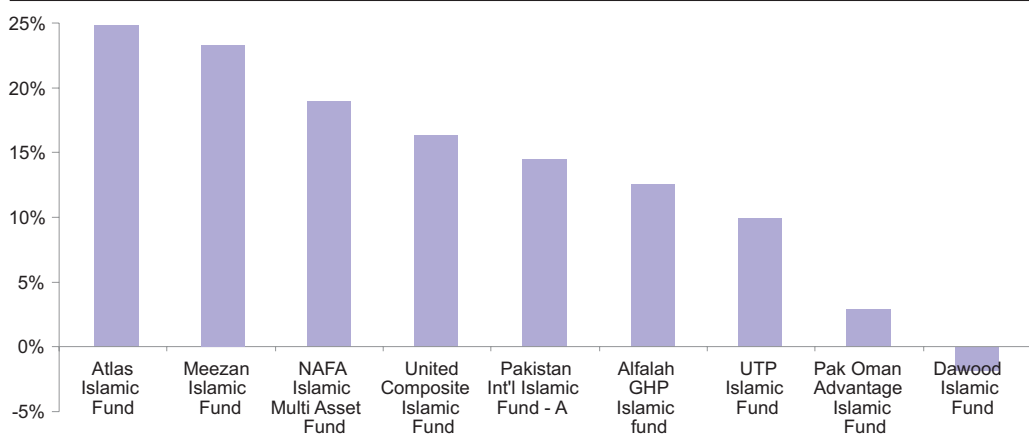


Source: IGI Fund Select

Islamic Funds

During March 2009, most of the Shariah Compliant Equity Funds depicted robust performance. Atlas Islamic Fund was the star performer with returns of 25%; exceeding returns on the KSE 100 index during the month under review. Meezan Islamic Fund followed closely behind with returns at 23% while NAFA and United Composite Islamic Fund ranged in the higher double digits. Returns during March were spectacular compared to the lower single digits and in some cases negative returns during previous months hinting at an imminent recovery in the fund management industry.

Islamic Funds March 2009 Highlights



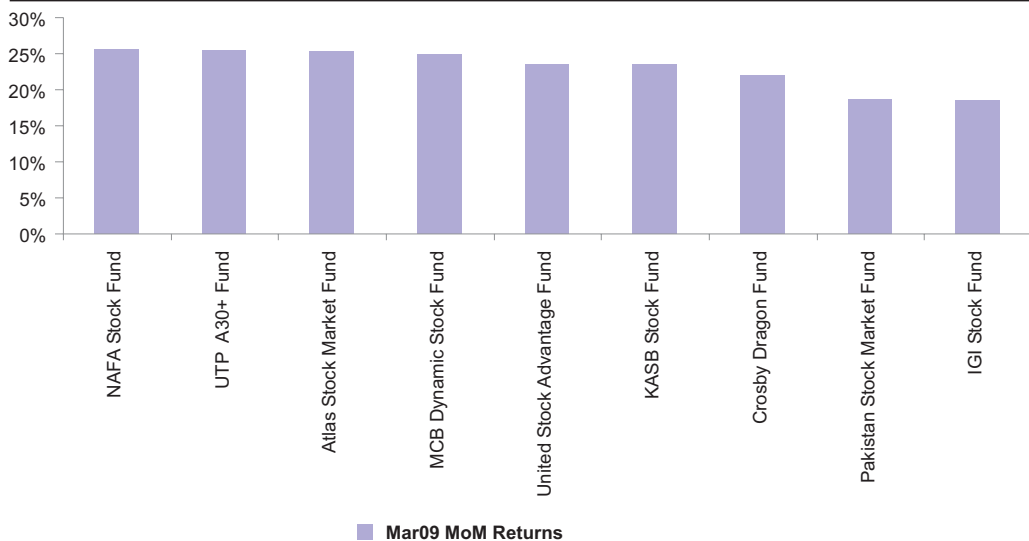
Source: IGI Fund Select

Pure Equity Funds

In line with the staggering return of 64% of the KSE 100 between the peaks and troughs of the KSE 100 index since Jan09, Equity Funds also raked in gains in excess of 25%. Leading the Equity Funds story was NAFA Stock Fund in hot pursuit by UTP A30+ Fund and Atlas Stock Market Fund.

Crosby Dragon Fund, United Stock Advantage Fund, KASB and MCB Stock Fund all registered returns in the range of 20% during March 2009 indicating a significant reversal in Equity Funds' trend lines from negative territory less than a month earlier.

Equity Funds Highlights March 09



Source: IGI Fund Select

IGI Stock Fund

Company Snapshot

Established in 2006, IGI Funds Limited (IGIFL) is a group company of the IGI Financial Services and Packages Group. It is licensed by the Securities and Exchange Commission of Pakistan (SECP) to provide Asset Management Services under the NBFC Rules, 2003.

IGIFL plans to launch a spectrum of mutual funds intended for the institutional as well as retail client base. The company is, currently, managing two funds; IGI Income Fund (IGIIF) and IGI Stock Fund (IGISF) with AUMs of PKR1.85bn as of March 31, 2009. Its is in process of completing the formalities for launching its third fund, an Islamic Income Fund. IGIFL entered the marketplace with the launch of IGIIF in April, 2007 and continued its journey by adding an equity fund in its bucket in July, 2008. Currently, IGIFL boasts an AMC rating of AM3 while its income fund, IGIIF, stands with 4-Star fund rating; the highest among its peer group. IGISF is yet to be rated on the completion of its full year in operation.

A point of great importance with the fund remains IGIFL's continued commitment to its unit holders. During the uncertain 4QCY08, many income funds suspended redemption due to illiquidity. IGIIF was one of the very few that honored all obligations on timely basis, at no cost to the NAV. Therefore, stabilized progress remains inherent in their fund management.

Fund Objective

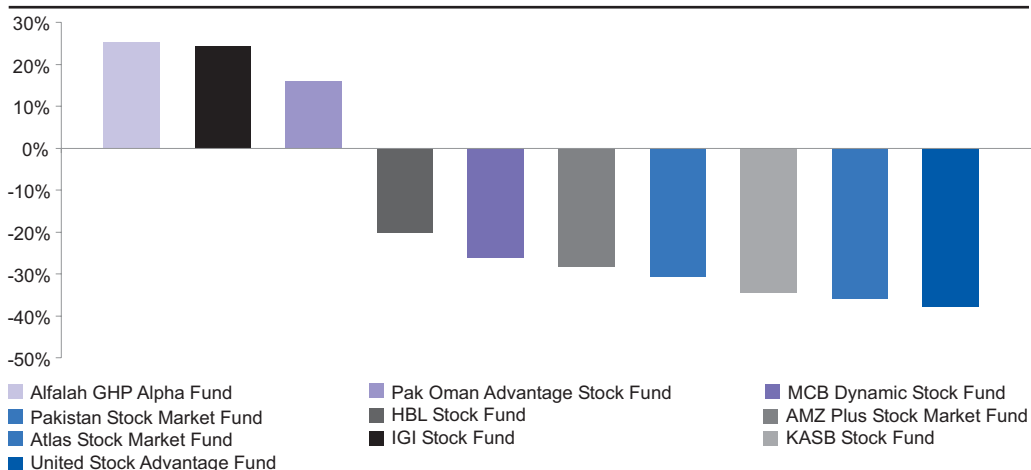
The Fund's key objective is to track the benchmark index and capitalize on expected gains above the 7000 points level while parking any excess liquidity in Money Market instruments which provide steady support to NAVs.

Performance Highlights

Since Inception IGI Stock Fund has performed remarkably well reflecting 24% gains on defensive plays in the E&P and IPP sector. Exposure levels increased in line with market trends from 74% to over 90% invested with the Money Market instruments providing consistent support to NAVs.

MoM the Fund continues to shine with 18.5% return in Mar09 however it is the YTD performance which stands out against the KSE 100 benchmark index in excess of 24% while other Equity based funds remain in the red. The fund was launched in Jul08 when the benchmark index was on its way down and benefitted from the dip in prices across the board and the following rebound.

Pure Equity Fund YTD March 2009



Source: IGI Fund Select

Asset Allocation

As of Mar09 the Fund's asset allocation stood at 104.4% in Equity, 7.0% in MM placements, and 2.7% in Cash. The above 100% exposure was owing to redemption of units which resulted in liabilities of 14.1%. The fund was unable to offload its positions at the end of the month to generate cash for the payment of redemption which led to reported exposure of above 100%. Sector preferences included E&P's and IPP's followed by Banks, Fertilizer and Paper and Board segment. The Fund Manager's Top 5 Holdings included blue chip companies including OGDC, PSO, HUBC, FFC and PKGS all ranging between 9-11.2%.

Portfolio Evaluation

The Fund is likely to benefit from the appropriate timing of the launch in Jul08 as the benchmark index began a downward trek. Price points were favourable resulting in substantial gains in the following rebound to the 7000 level. The success of the fund is dependent on timing and reliance on defensive rather than aggressive equity plays. Although the size of the Fund is still small at just PKR 214mn we expect a recovery in the Mutual Fund sector to lead to improved AUMs for the Fund moving forward. Investments in steady MM instruments is also likely to buoy NAVs.

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I, **Zainab Jabbar**, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject, securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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