

FUND SELECT

An Investment Guide to Mutual Funds

Highlights

Capital Markets Review

Average daily turnover however averaged 290mn shares a day which was immensely positive compared to Mar09 averages of 181mn shares a day.

Income/Money Market/ Islamic Income Funds

The top two funds were closely followed by ABL Income Fund and NAMCO Income Fund; both raking in above 15% in gains on an annualized basis.

Funds of the Month April 2009

Alfalah GHP Value Fund posted the largest gains above 7% this month after rising by 13% last month. It was closely followed by MCB, HBL and Faysal Balanced Growth Fund.

Islamic Funds

Meezan Islamic Fund saw the largest monthly gain of more than 20% even exceeding returns on the KSE 100 index last month.

Pure Equity Funds

During Apr09 equity fund gains continue to stabilize with Alfalah GHP Alpha Fund leading the equity funds by a wide margin to over 11%.

Pakistan Cash Management Fund

Since Inception in Mar08, PCF has performed reasonably well reflecting 11% gains and just under 12% in FY09 YTD against an industry average of less than 8%. The Fund's 30 day target return per annum is 18.17% while Historical returns have exceeded 3mo T-bill yields.

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All figures given in the report are verified from respective AMC's 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 inched upward in Apr09 despite the 100bps discount rate cut to 14% in the recent Monetary Policy Announcement. Offer rates soared by nearly 50 bps from the start of the month on account of tightening market liquidity while the SBP stepped up OMO injections to keep the interbank market fluid.

O/N Repo and Call rates also remained in a tighter corridor of an average 12.4% against the discount rate while Call rates sustained similar averages of 12.6% during the month closing at 13.5% by the end of Apr09. During the month T-bill cut off yields swung upward with the supply push from the government and the excess demand push from the risk-averse banking sector steepening the short end of the yield curve by more than 100bps for the benchmark 6mo notes. Overall bid yields also declined from highs of PKR 377bn in Feb09 to PKR 80bn in Apr09. The longer end of the curve remained smooth however with supply of government paper sufficient for market needs. The benchmark 5yr PIB secondary market YTM closed at 12.91% while the benchmark 6mo T-Bill closed not far behind at 12.88% by end Apr09. This indicated more room for yield curve inversion post the 1yr paper.

Capital Markets Review

During Apr09 the benchmark index continued its upward trek with the KSE 100 commencing in the 6,900 points range towards a high of 7,902 points; a trough to peak gain of 14% during the month. The policy rate cut and positive indicators regarding the SBP's success in meeting quarterly IMF targets boosted the index. 1Q CY09 result estimates of key corporates also surprised on the upside with the index indicating a Last Twelve Months (LTM) Net Earnings growth of 2% over the previous quarter however they still remain depressed by 8% over the same period last year by 11%.

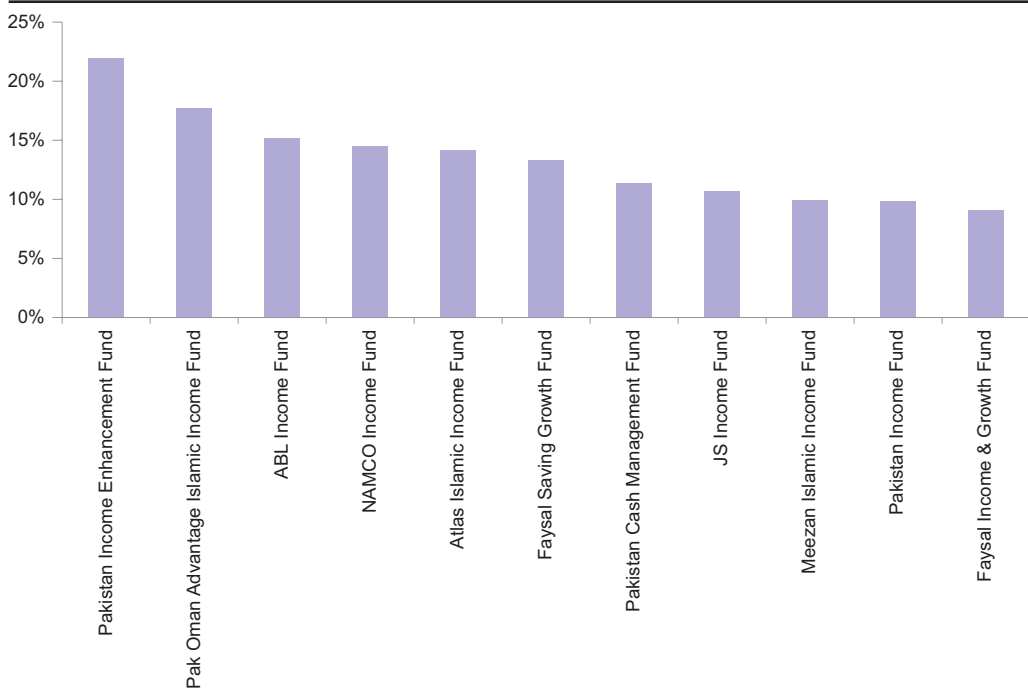
Average daily turnover however averaged 290mn shares a day which was immensely positive compared to Mar09 averages of 181mn shares a day. Investor interest rebounded substantially with the pace of foreign investor outflow decelerating to USD 34mn in Apr09 from USD 140mn in Jan09.

Income/Money Market/ Islamic Income Funds

Cash is King

YTD and Annualized returns indicate Money market and Cash Funds are the best bet in the short term. 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 as in Mar09. The top two funds were closely followed by ABL Income Fund and NAMCO Income Fund; both raking in above 15% in gains on an annualized basis.

Income MM and Islamic Funds



Source: IGI Fund Select

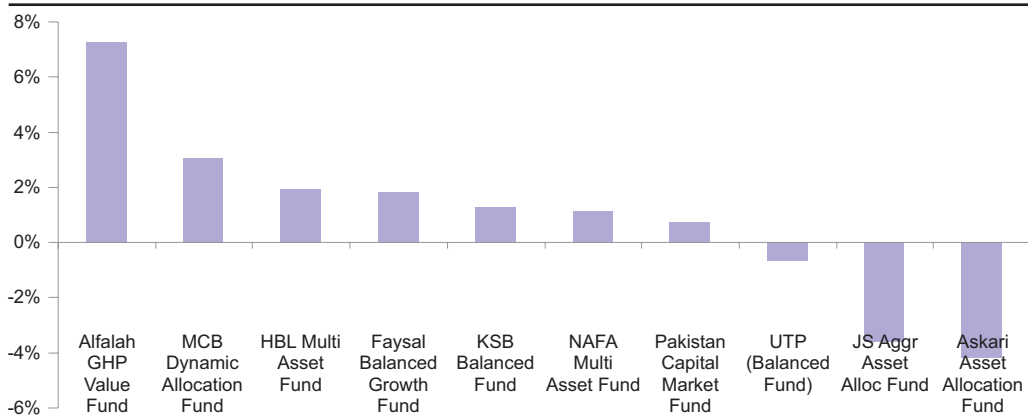
Funds of the Month April 2009

Asset Allocation & Balanced Funds: MoM recovery led by equity markets

On YTD basis Asset Allocation and Balanced Funds presented a dismal picture with negative returns in the range of 38% in some cases. However MoM the picture has brightened considerably with the funds posting large gains in Mar09 in line with the turnaround in Equity markets.

Alfalah GHP Value Fund posted the largest gains above 7% this month after rising by 13% last month. It was closely followed by MCB, HBL and Faysal Balanced Growth Fund. This followed an average 20% for the month of Mar09 in line with the movement of the KSE 100 index during the month.

Asset Allocation Funds Apr09 MoM

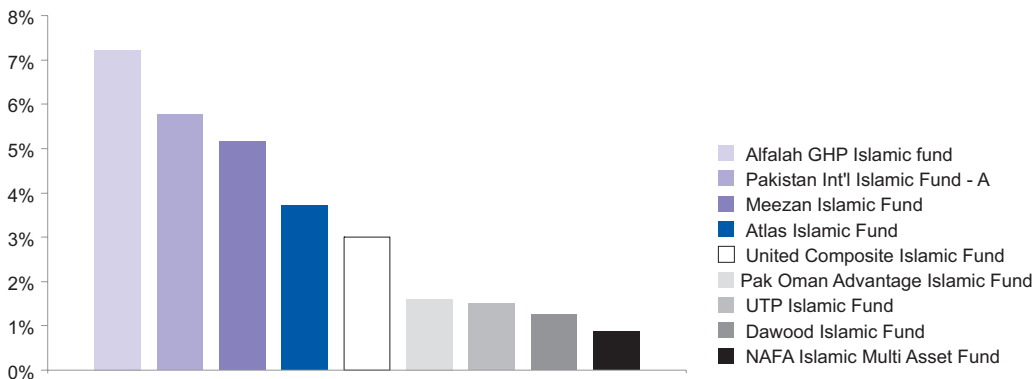


Source: IGI Fund Select

Islamic Funds

During Apr09, the Shariah Compliant Equity Funds depicted robust performance capitalizing on gains made in Mar09. Alfalah GHP Islamic Fund was the star performer this month taking Meezan from the top slot with gains above 7%. However Meezan Islamic Fund saw the largest monthly gain of more than 20% even exceeding returns on the KSE 100 index last month. Following Alfalah was the Pakistan Int'l Islamic Fund A and Meezan Islamic Fund with gains above 5%.

Islamic Funds Apr09



Source: IGI Fund Select

Pure Equity Funds

In the previous month with the dynamic recovery of the benchmark KSE 100 by 64% from peak 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%. Last month the Equity Funds story was led by NAFA Stock Fund in hot pursuit by UTP A30+ Fund and Atlas Stock Market Fund.

During Apr09 equity fund gains continue to stabilize with Alfalah GHP Alpha Fund leading the equity funds by a wide margin to over 11%. MCB Dynamic Stock Fund and UTP A30+ closed in gains of 5% above stellar performances last month.

Equity Market Funds MoM



Source: IGI Fund Select

Pakistan Cash Management Fund

Company Snapshot

Arif Habib Investments continues to lead the Mutual Funds sector with its wealth of experience and market savvy investment strategy. The company manages both open and closed-end mutual funds, is registered with the Securities & Exchange Commission of Pakistan (SECP) and regulated under the Non-Banking Finance Companies (NBFC) Rules 2003 and NBFC & NE Regulations 2008.

AHIL manages an estimated PKR 12.137bn billion (USD 150.676 million) in 12 mutual funds as of Apr09. Arif Habib Securities Ltd (the parent company) has received the KSE's Top 25 Companies Award for the past 6 consecutive years. Arif Habib's closed-end fund the Pakistan Premier Fund Limited (PPFL) was also placed in KSE's top 25 companies in 2005 and 2006. Pakistan International Element Islamic Fund (PIIF) of Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited) is the first mutual fund in the country with permission from the State Bank of Pakistan to also invest overseas.

The current Ratings of AHIL by PACRA are Entity Rating: A+ (Long Term) / A1 (Short Term) Asset Manager Rating: AM2. Arif Habib Investments Limited (formerly: Arif Habib Investment Management Limited) is part of the Arif Habib Group, with Arif Habib Securities Limited (AHSL) as its main shareholder. AHSL is a listed company with a capital and reserve base in excess of PKR 15.008 billion (as of 31st December 2008).

Fund Objective

PCF only invests in Government Securities (AAA) and the Fund's key objective is to minimize risk. The Cash Fund's performance has been in line with the Open Ended/Income Fund segment which has posted the most stable gains in these troubled times. In addition PCF has no entry or exit load and has the lowest expense ratio amongst MM Funds. PCF also offers a monthly distribution in the form of bonus (tax free) and cash dividends (taxed 10%). The Fund is restricted from investing in securities of a longer tenor than 90 days which serve as protection from interest rate risk as well as credit and exchange rate risk

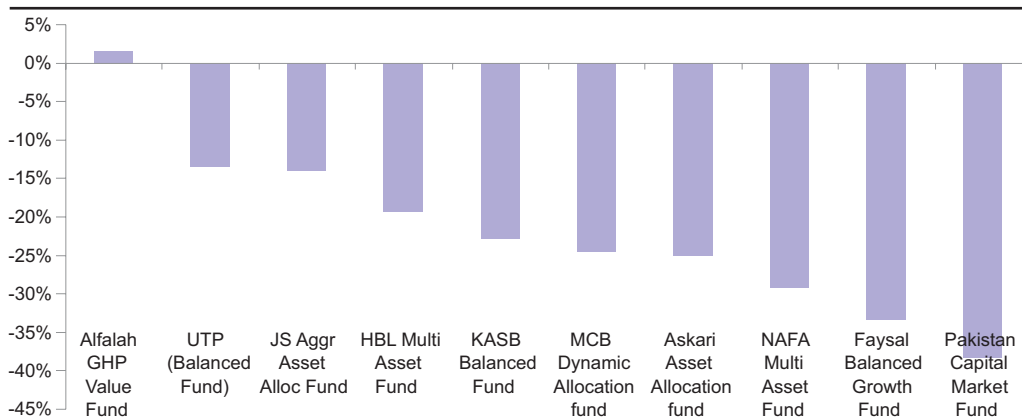
Performance Highlights

Since Inception in Mar08, PCF has performed reasonably well reflecting 11% gains and just under 12% in FY09 YTD against an industry average of less than 8%. The Fund's 30 day target return per annum is 18.17% while Historical returns have exceeded 3mo T-bill yields.

Asset Allocation

As of Mar09 the fund's Assets are invested in Reverse Repo (31%), Cash (38.9%) and T-bills (29%) with the rest in Other Assets. More than 60% of the fund's assets are invested in AAA+ credit rated instruments while 24% are AA, and 15% AA+ rated registering a Credit/Liquidity Score of 93%.

Asset Allo Funds YTD Apr-09



Source: IGI Fund Select

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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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