

FUND SELECT

An Investment Guide to Mutual Funds

Highlights

Market Roundup

Throughout October 2007, the interbank money market remained significantly tight. During the month the benchmark KSE-100 index gained massive 967points (7.25%) to close at 14,319.42 points.

AMZ Plus Income Fund (APIF)

During Jan-Sep CY07, the fund offered an average monthly annualized return of 11.23% which is the highest offered by any fixed income / money market fund. During the period under review, average industry return was 9.94%, thus the fund has outperformed the average industry return by a hefty 129bps (basis points).

Faysal Balanced Growth Fund (FBGF)

Since inception, the fund offered a cumulative return of 77.42%, which means if PRs100,000 were invested in the fund on April 14th 2004, the principal amount would have grown to PRs177,420 on October 31, 2007. This translates into an average annualized return of 21.89% per annum.

Sector Snapshot

Key Investment Ratios

"In this issue we present two randomly selected funds namely AMZ Plus Income Fund and Faysal Balanced Growth Fund. During the on going FY07-08, both these funds have performed significantly well in their respective Fund category. The idea behind this "monthly bulletin" is to enhance the reader's knowledge about different mutual funds. In our view, this is still a much untapped sector which provides relatively better investment opportunity to investors. Your suggestions to add value to this product are more than welcome."

Tahir Hussein Ali

tahir.ali@igi.com.pk
111-234-234 Ext. 806

© Copyright 2007 IGI Investment Bank Limited

For subscription to the Fund Select Monthly Bulletin, call our toll free number or e-mail us at investor.services@igi.com.pk

This document has been prepared by IGI Investment Bank Limited and is for information purposes only. Whilst every effort has been made to ensure that all the information (including any recommendations or opinions expressed) contained in this document (the information) is not misleading or unreliable, IGI Investment Bank Limited makes no representation as to the accuracy or completeness of the information. Neither IGI Investment Bank Limited nor any director, officer or employee of IGI Investment Bank Limited shall in any manner be liable or responsible for any loss that may be occasioned as consequence of a party relying on the information. This document takes no account of the investment objectives, financial situation and particular needs of investors, who shall seek further professional advice before making any investment decision. This document and the information may not be reproduced, distributed or published by any recipient for any purpose.

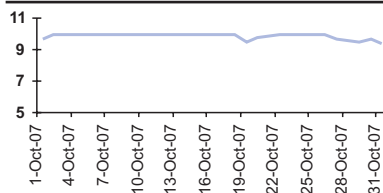


IGI

Investment Bank

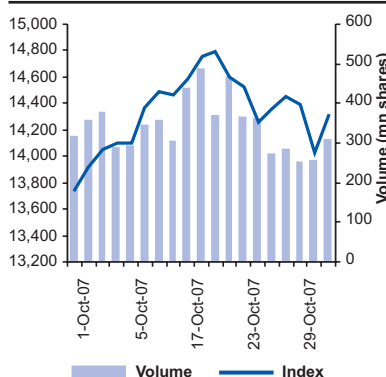
Market Roundup

Chart 1: O/N Rate October, 07



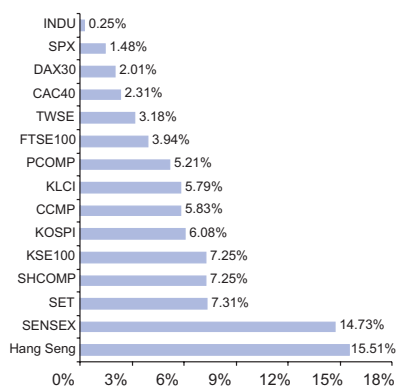
Source: IGI Research

Chart 2: KSE - 100 Index



Source: IGI Research

Chart 3: Global Bourses- Performance Highlights October 2007



Source: Bloomberg & IGI Research

Money Market Overview

Throughout October 2007, the interbank money market remained significantly tight with average overnight rate standing at 9.85%. During October, the market remained short of liquidity with overnight rate hovering close to its peak. The key reason behind liquidity shortage was

massive cash withdrawal from banking sector due to higher consumer expenditure during last couple of weeks of Ramadan. During last week of the month under review, the State Bank of Pakistan (SBP) did a PIB auction and outcome of which can be seen in table 1.

Table 1: PIB Auction Highlights

Tenors	Accepted Bids	Cut off Yields	Coupon Rates
3Yr	PRs 1.829bn	9.6495%	9.10%
5Yr	PRs 1.6bn	9.8221%	9.30%
10Yr	PRs 7.215bn	10.2195%	9.60%
15Yr	PRs 2.9275bn	11.1597%	10.00%
20Yr	PRs 500mn	11.4132%	10.50%
30Yr	PRs 1.0bn	11.6151%	11.00%

Source: IGI Money Market Desk

Equity Snapshot

In October 2007, the benchmark KSE-100 index gained massive 967 points (7.25%) to close at 14,319.42 points. On October 19, 2007 the index closed at an all time high of 14,787.55 points. KSE-30 index also recorded a gain of 6.83% MoM. Average daily turnover stood at 341mn shares which was almost 140mn shares higher compared to September 2007. Market Capitalization jumped 6.42% MoM to PRs4.36trillion. Activity in the future counter depicted an increase of 47.63% MoM.

Table 2: KSE Review October, 2007

	KSE100 Index	KSE30 Index	Market Cap (PRs)	Avg Turnover Ready (mn)	Avg Turnover Futures (mn)
10/31/2007	14319.42	17288.07	4364.31	341.27	69.86
9/28/2007	13351.79	16183.09	4101.06	202.00	47.32
%Chg MoM	7.25%	6.83%	6.42%	68.95%	47.63%

Source: IGI Research

Global Bourses Highlights

October 2007 proved to be another outstanding month for key global bourses. Major US and European indexes reported relatively minor gains with FTSE100 leading the show, gaining almost 4% MoM. Furthermore, emerging markets continued their outstanding performance and managed to outperform developed markets by significant margins. In Asia, Sensex and Hang Seng posted utmost gains among major regional and global indexes, as shown in the table below.

Table 3: Major Global Indexes Snapshot

	Index as on		%Chg MoM	Trailing PE Ratio (x)	Dividend Yield (%)	Average Vol (mn shares)
	Oct 31-07	Sep-28-07				
INDU	13,930.01	13,895.63	0.25%	16.62	2.15	218.02
CCMP	2,859.12	2,701.50	5.83%	41.31	0.57	916.20
SPX	1,549.38	1,526.75	1.48%	18.21	1.82	1,095.69
FTSE100	6,721.60	6,466.80	3.94%	13.81	3.84	1,877.44
CAC40	5,847.95	5,715.69	2.31%	14.04	3.08	139.08
DAX30	8,019.22	7,861.51	2.01%	14.23	2.79	130.88
Hang Seng	31,352.58	27,142.47	15.51%	20.86	2.09	3,360.92
SHCOMP	5,954.77	5,552.30	7.25%	54.33	0.65	8,049.14
Sensex	19,837.99	17,291.10	14.73%	26.72	1.01	28.86
PCOMP	3,758.97	3,572.90	5.21%	15.95	2.76	492.57
SET	907.28	845.50	7.31%	20.91	3.07	1,692.35
TWSE	9,711.37	9,411.95	3.18%	22.42	3.48	3,693.31
KOSPI	2,064.85	1,946.48	6.08%	16.60	1.48	440.66
KLCI	1,413.65	1,336.30	5.79%	16.39	3.60	210.64
KSE100	14,321.39	13,353.68	7.25%	16.09	3.10	248.73

Source: Bloomberg & IGI Research

AMZ Plus Income Fund (APIF)

Company Snapshot

Commencing journey in June 2004, AMZ Asset Management presently has two open end funds namely AMZ Plus Income Fund and AMZ Plus Stock Fund. Currently, (as on October 31, 2007), the company has cumulative assets of PRs7.7bn under management. AMZ is one of the few asset management companies in Pakistan that has implemented self imposed compliance audit (SICA). According to SICA, external auditors review day to day investments activities and Net Asset Value in accordance with NBFC rules, Trust Deed and Board limits. Moreover, the company has outsourced the internal audit system to RSS international. In our view, the company has implemented a stringent audit system which ensures authenticity of day to day investment strategy. The company intends to launch couple of unconventional funds in the near future namely AMZ Corporate Debt Fund and AMZ Arbitrage Opportunity Fund. The company's core objective is to offer efficient and effective fund management services by providing best possible returns to the investors under their preferred risk / return profile.

Table 4: Fund Information

AMC Rating	AM3 by JCR-VIS
Fund Type	Open end- Fixed Income
Launch Date	February 25th, 2006
Trustee	Central Depository Company
External Auditors	KPMG Taseer Hadi & Co.
Internal Auditors	Avais Haider Liaquat Nauman (RSS International)
Daily Compliance Audit	KPMG Taseer Hadi & Co.
Listing	Karachi Stock Exchange
Fund Rating	A(f) by JCR-VIS
NAV as on Oct 31, 2007	PRs 104.4019

Source: APIF FMR

Fund Objective

The objective of the AMZ Plus Income Fund (APIF) is to provide risk averse investors a safe investment opportunity by maintaining a short duration portfolio which minimizes interest rate risk. The fund seeks to enhance returns through active portfolio management using efficiency tool and capitalizing on the opportunities in the market.

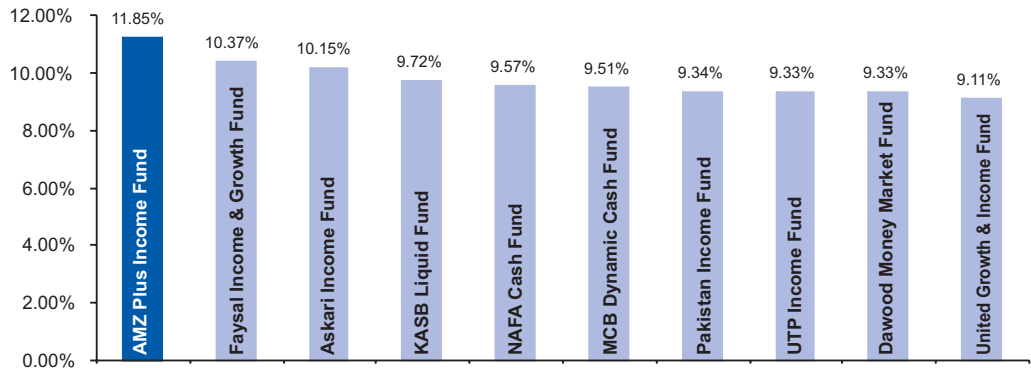
Investment Methodology

APIF Investment Portfolio comprises fixed, floating and hybrid rate instruments. The investable instruments includes Government Bonds, good quality (minimum rating of A-) Corporate Bonds, Money Market Transactions, CFS and Spread Transactions at future settlement markets. Allocation in such assets vary according to market conditions with restrictions of maximum investment in CFS at 50% of Net Assets of the fund, maximum of 50% of Net Assets in Government bonds, and minimum investment of 50% of Net Assets in listed securities. Assets are divided into two different categories which are: Yield Kicker and Yield Stabilizer. Yield kickers offer relatively higher potential returns which increase overall portfolio returns while Yield Stabilizers offer consistent returns over time. Changes in market conditions differentiate yield kickers from yield stabilizers. Presently, spread transactions, which are marked to market, are treated as yield kicker while rest asset classes are yield stabilizer. Through timely and prudent investment strategies Yield Kickers offer potential returns over and above Yield Stabilizers which increases overall returns of the investment portfolio.

Performance Highlights

During Jan-Sep CY07, the fund offered an average monthly annualized return of 11.23% which is the highest offered by any fixed income / money market fund. During the period under review, average industry return was 9.94%, thus the fund has outperformed the average industry return by a hefty 129bps (basis points). Since inception, the fund has offered an average annualized return of 12.72% which is once again the highest return offered by any income or money market fund. Two key reasons behind the fund's consistently robust performance are prudent investments made in good quality fixed instruments particularly TFCs (Term Finance Certificates) and shrewd strategy implemented for spread transactions.

Chart 4: Average Monthly Annualized Return of Top Ten Fixed Income Funds during Jul-Sep 2007

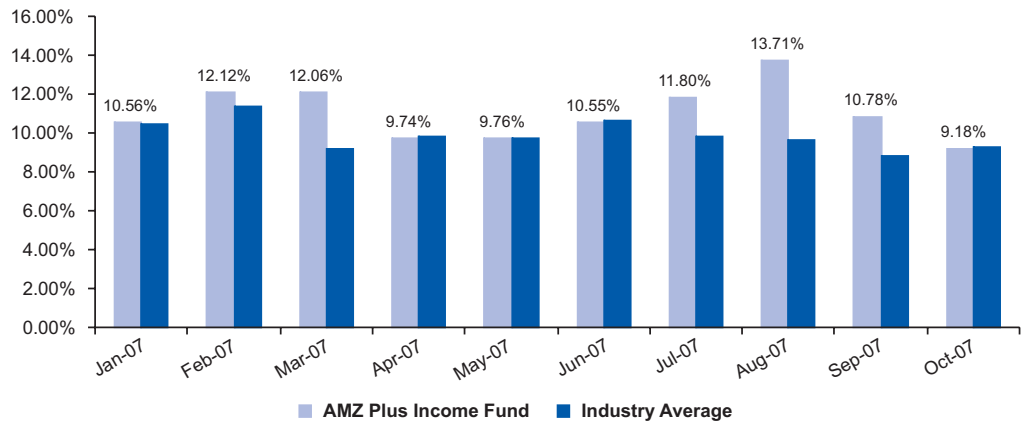


(Note: Funds launched after March 2007 have not been included).

Source: Fund Select Estimates

It can be clearly seen in the following graph that during the ongoing CY07, except for April and October 2007, the fund has consistently outperformed the industry returns. August CY07 proved to be the best month for the fund where it outperformed the industry return by a massive 405bps. Fund's performance during October CY07 remained somewhat lackluster as the fund has underperformed the average industry return by merely 13bps.

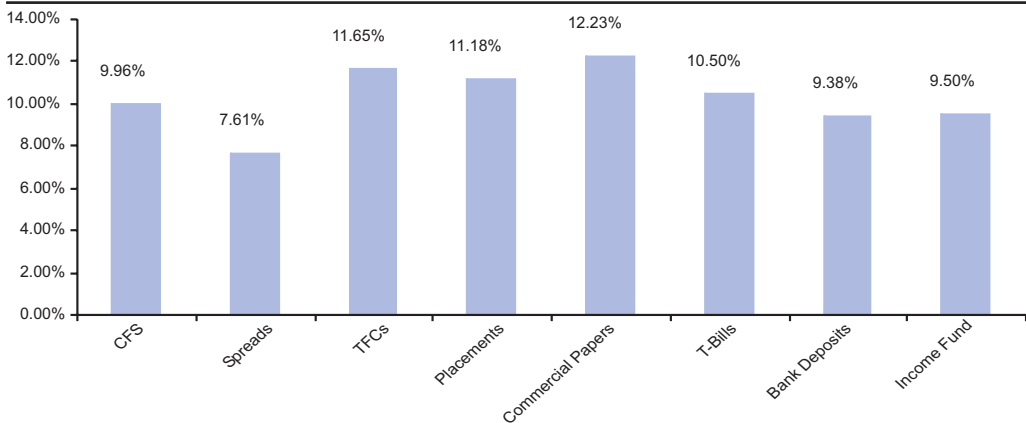
Chart 5: APIF V/S Industry Returns: A Relative Performance Snapshot



Source: Fund Select estimates and APIF FMR (Fund Manager Report)

In October, the fund offered an annualized return of 9.18% against average industry return of 9.31%. The key reason behind the underperformance was decline in exposure towards spread transactions mainly due to lesser trading sessions on account of Eid holidays. During October, the fund earned the highest return on commercial papers which stood around 12.20% followed by TFCs and Private Placements where average returns stood at 11.65% and 11.18% respectively. Returns on spread transactions were 7.61% which was the lowest return offered by any other asset class.

Chart 6: Average Assets Return during October 2007

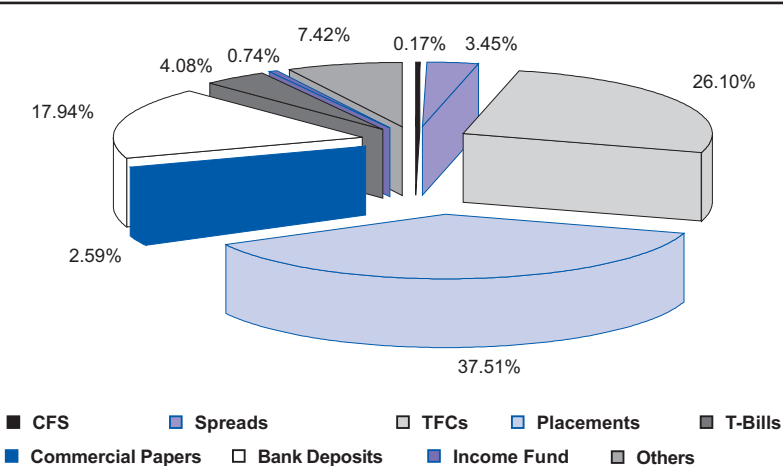


Source: AMZ Asset Management Company

Asset Allocation

As on October 30th 2007, the fund had highest exposures in Placements which was marginally over 37% of total asset value of the fund. Investments in Term Finance Certificates and Bank Deposits stood at 26.10% and 17.94% respectively while remaining were invested in Income Funds, CFS, Commercial Papers and other fixed income instruments.

Chart 7: Asset Allocation as on October 30, 2007



Source: APIF FMR

Target Market

The fund offers an outstanding investment opportunity to risk averse investors who aim for above average fixed income returns coupled with maximum protection of their principal investments.

Bottomline: An Investment Perspective

We view this fund as a defensive growth play having potential to offer returns over and above investor’s expectations on consistent basis.

Faysal Balanced Growth Fund (FBGF)

Table 5: Fund Information

Fund Type	Open End Balanced Fund
Launch Date	April 14th, 2004
Performance	
Benchmark	KSE-100 Index
Registrar	Gangjees Registrar Services (Pvt) Ltd.
Trustee	Central Depository Company of Pakistan (CDC)
Auditors	Ford Rhodes Sidat Hyder & Co Chartered Accountants
AMC Rating	3 Star by JCR VIS
NAV as on Oct 31, 2007	PRs 108.83

Source: FBGF FMR

Company Snapshot

Faysal Asset Management Limited (FAML) presently has three open end funds namely Faysal Balanced Growth Fund (FBGF), Faysal Saving Growth Fund (FSGF) and Faysal Income & Growth Fund (FIGF). The Management Company is rated AM3 by JCR-VIS. The company has total assets of more than PRs7bn under management. The AMC is expected to launch capital protected funds which would be a step ahead of the conventional capital protected fund.

Fund Objective

FBGF endeavors to provide investors with an opportunity to earn income and long-term capital appreciation by investing in a large pool of funds representing equity/non equity investments in a broad range of sectors and financial instruments.

Investment Methodology

Faysal Balanced Growth Fund (FBGF), as the name signifies, invests at least 30% of the fund in fixed income, low risk investments and a maximum of 70% in equities. The fixed income portfolio provides a regular income stream while the equity portfolio focuses on value and growth stocks to provide constant dividend yield and long-term capital appreciation to investors. The fixed income portion primary invests in high quality Term Finance Certificates (TFCs) which offers fairly good returns. Investments in equities involve somewhat a sophisticated strategy. The fund takes exposure in sectors which are fundamentally sound and have potential to offer lucrative returns. Some portion of the equity mix is allocated to sectors which are attractive growth players. Investments in growth sectors are made with an investment horizon of more than a year.

Performance Highlights

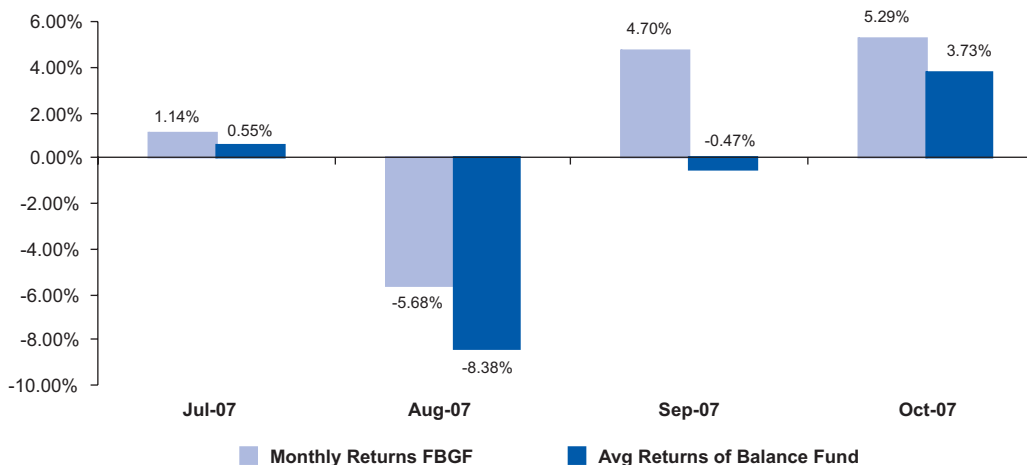
In October 2007, the fund has offered a return of 5.29%MoM while the average return of open end balanced equity funds for the month was 3.73%MoM, thus the fund has outperformed the average peer group return by 156bps. Since inception, the fund has offered a cumulative return of 77.42%, which means if PRs100,000 were invested in the fund on April 14th 2004, the principal amount would have grown to PRs177,420 on October 31, 2007. This translates into an average annualized return of 21.89% per annum. During the ongoing FY07-08, the fund has demonstrated reasonably good performance and has outperformed the average peer returns for four months in a row.

Table 6: Key Investment Information

Month on Month Return	5.29%
Year to Date Return	5.16%
Return Since Inception	77.42%
Avg Annualized Return	21.89%
Price Earning Ratio	10.13%
Dividend Yield	2.95%

Source: FBGF FMR

Chart 8: FBGF Relative Performance during ongoing FY07-08

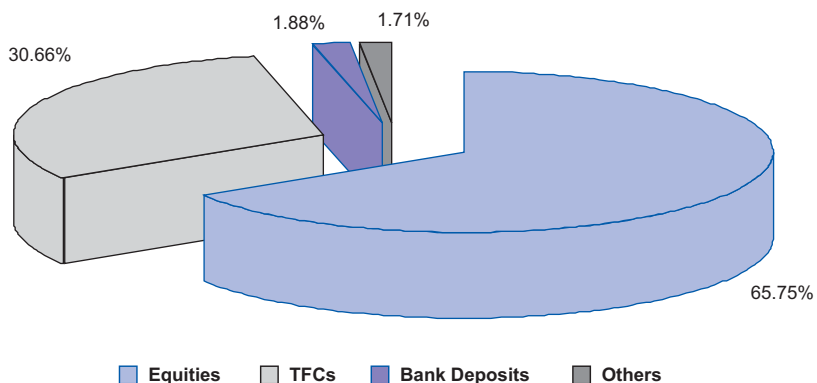


Source: FBGF FMR (Fund Manager Report)

Asset Allocation

As on October 31, 2007, the fund had 65.75% and 30.66% exposure in equities and TFCs respectively while 1.88% was held in bank deposits. During the month of October, the fund increased its exposure in equities by almost 4%. From June 30 2007, exposure in equities increased by almost 20% as the fund was invested 47% in equities as on June 30, 2007.

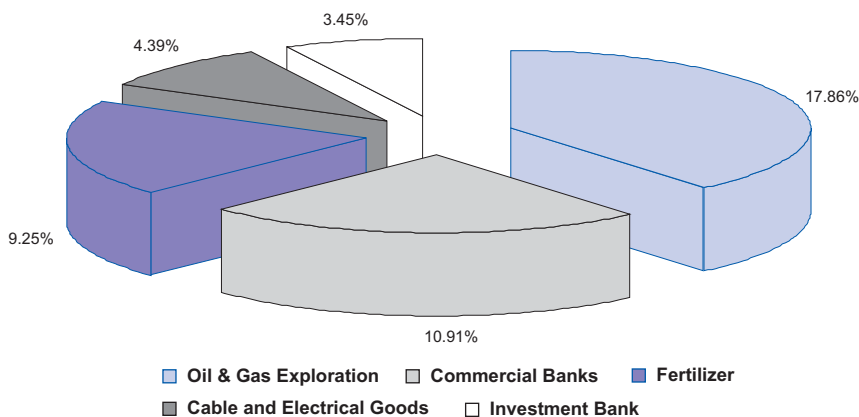
Chart 9: Asset Allocations as on October 31, 2007



Source: FBGF FMR (Fund Manager Report)

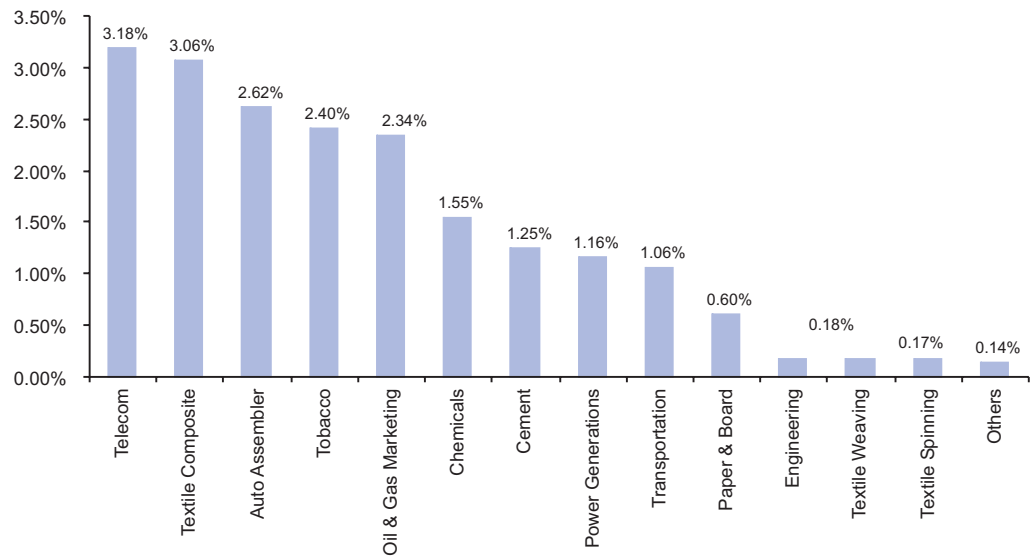
The fund had invested 45.86% of the total assets in five major sectors. The highest exposure was in Oil and Gas Exploration, Commercial Banks and Fertilizer Sectors respectively. Furthermore, the fund had reasonably good exposure in couple of illiquid sectors particularly Cable & Electrical Goods and Investment Banks. Investments in Cable & Electrical Goods is a long term holdings and during past couple of years this sector has offered average annual return of almost 100% per annum. Moreover, the fund has allocated almost 20% of the total assets in numerous sectors which includes Cements, Automobile assemblers, Textile, Tobacco, Chemicals, Engineering, Power Generation, Paper & Board etc.

Chart 10: Top 5 Sector Allocation as on October 31, 2007



Source: FBGF FMR (Fund Manager Report)

Chart 11: Minor Sector Exposure as on October 31, 2007



Source: FBGF FMR (Fund Manager Report)

Portfolio Evaluation

Briefly analyzing the portfolio allocation as of October 31, 2007, we believe the fund is extensively diversified as it has exposures in more than 15 sectors. Massive investment in Oil and Gas Exploration sector is a prudent move as the sector is going to be the key beneficiary of the record high crude oil prices. In our view, the E&P has significant potential to offer outstanding returns in near future and is likely to outperform the KSE-100 index which would consequently enable the fund to offer even better returns going forward. Investments in somewhat illiquid sectors like Tobacco and Chemicals are likely to offer fairly good returns in medium to long term which would subsequently allow the fund to maintain consistency in its performance. Investments in fixed income instruments particularly TFCs would enable the fund to outperform the benchmark KSE-100 index whenever the market witnesses bearish trend.

Target Market

The fund offers an excellent investment opportunity to institutional as well as retail investors who desire to avail opportunities offered by domestic bourses and at the same time intend to gain from money market returns.

Bottomline: An Investment Perspective

We view this fund as a moderate growth player having potential to offer fairly decent returns consistently coupled with risk minimization through extensive diversification.

Sector Snapshot

Open End Mutual Fund	Inception dates	AMC Rating		Fund Rating	Fund Sizes as at 31 August, 07 (PRsbn)	Fund Sizes as at 31 September, 07 (PRsbn)
Income/Money Market Funds						
AKD Income Fund	Mar-07	AM3+	JCR-VIS	Not rated as yet	2.70	3.999
AMZ Plus Income Fund	25-Feb-06	AM3+	JCR-VIS	A(F) JCR-VIS	5.65	7.03
Askari Income Fund	16-Mar-06	AM3	PACRA & JCR-VIS	A(F) JCR-VIS	10.10	10.70
Atlas Income Fund	22-Mar-04	AM3+	PACRA	5 Star PACRA	4.16	4.88
Dawood Money Market Fund	18-Apr-03	AM3	PACRA	5 Star PACRA	3.40	3.80
Faysal Income & Growth Fund	10-Oct-05	AM3	JCR-VIS	A+ JCR-VIS	2.79	2.74
HBL Income Fund	19-Mar-07			Not rated as yet	6.10	6.50
KASB Liquid Fund	9-May-06	AM3+	PACRA	Not rated as yet	7.69	8.10
MCB Dynamic Cash Fund	1-Mar-07	AM3	PACRA	Not rated as yet	10.88	11.20
Meezan Islamic Income Fund	15-Jan-07	AM2	PACRA	Not rated as yet	3.76	5.37
NAFA Cash Fund	22-Apr-06	AM2	JCR-VIS	A(F) JCR-VIS	19.30	20.65
Pakistan Income Fund	11-Mar-02	AM2	PACRA	4 Star PACRA	9.03	10.65
Reliance Income Fund	19-Oct-06			Not rated as yet	1.10	N/A
United Growth & Income Fund	2-Mar-06	AM2-	JCR-VIS	A JCR-VIS	13.66	15.20
United Money Market Fund	5-Nov-02	AM2-	JCR-VIS	A+ JCR-VIS	10.91	11.80
UTP Income Fund	26-Aug-02	AM2+	PACRA	5 Star PACRA	9.38	10.13
IGI Income Fund	16-Apr-07	AM3-	PACRA	Not rated as yet	2.10	3.16
Faysal Saving Growth Fund	14-May-07	AM3	JCR-VIS	Not rated as yet	1.92	2.27
First Habib Income Funds	30-May-07			Not rated as yet	1.54	2.12
Alfalah GHP Income Multiplier Fund	15-Jun-07	AM3	PACRA	Not rated as yet	2.92	3.56
Equity Funds						
AMZ Plus Stock Fund	24-Jul-06	AM3+	JCR-VIS	Not rated as yet	0.604	0.66
AKD Opportunity Fund	Mar-06	AM3+	JCR-VIS	Not rated as yet	1.051	1.29
Alfalah GHP Value Fund	28-Oct-05	AM3	PACRA	5 Star PACRA	0.709	0.84
Alfalah GHP Islamic Fund	15-Jun-07	AM3	PACRA	5 Star PACRA	0.473	0.40
Atlas Islamic Fund	15-Jan-07	AM3+	PACRA	Not rated as yet	0.473	0.51
Atlas Stock Market Fund	23-Nov-04	AM3+	PACRA	5 Star PACRA	1.400	1.55
Crosby Dragon Fund	Dec-03	AM4-	JCR-VIS	1 Star JCR-VIS	N/A	N/A
Faysal Balanced Growth Fund	14-Apr-04	AM3	JCR-VIS	3 Star JCR-VIS	1.085	1.11
KASB Stock Fund	22-Mar-07	AM3+	PACRA	Not rated as yet	0.350	0.38
MCB Dynamic Stock Fund	1-Mar-07	AM3	PACRA	Not rated as yet	0.959	1.06
Meezan Islamic Fund	8-Aug-03	AM2	PACRA	5 Star PACRA	3.656	4.56
NAFA Multi Asset Fund	22-Jan-07	AM2	JCR-VIS	Not rated as yet	1.734	1.80
NAFA Stock Fund	22-Jan-07	AM2	JCR-VIS	Not rated as yet	1.311	1.67
National Investment Trust	12-Nov-62	AM2-	PACRA	4 Star PACRA	100.00	96.48
Pakistan Capital Market Fund	24-Jan-04	AM2	PACRA	3 Star PACRA	1.220	1.30
Pakistan Int'l Islamic Fund	2-May-06	AM2	PACRA	Not rated as yet	0.950	1.06
Pakistan Stock Market Fund	11-Mar-02	AM2	PACRA	5 Star PACRA	3.040	3.40
United Composite Islamic Fund	24-Dec-06	AM2-	JCR-VIS	Not rated as yet	0.992	1.00
United Stock Adv. Fund	4-Aug-06	AM2-	JCR-VIS	Not rated as yet	1.558	2.00
UTP - A30+ Fund	29-May-06	AM2+	PACRA	Not rated as yet	0.317	0.390
UTP - Fund of Funds	31-Oct-05	AM2+	PACRA	Not rated as yet	0.118	0.121
UTP (Balanced Fund)	27-Oct-97	AM2+	PACRA	5 Star PACRA	3.671	4.107
UTP Aggr Asset Alloc Fund	28-Jun-05	AM2+	PACRA	5 Star PACRA	0.677	0.701
UTP Islamic Fund	27-Dec-02	AM2+	PACRA	5 Star PACRA	0.851	0.894

Source: IGI Fund Select & IGI Research

Key Investment Ratios

OPEN-END EQUITY FUNDS								
Funds Name		Avg Monthly Returns	Funds Name		Tracking	Funds Name		Information
		Jan-Sep 2007			Error			Ratio
1	Crosby Dragon Fund	9.41%	1	NAFA Stock Fund	1.33%	1	NAFA Stock Fund	2.361
2	NAFA Stock Fund	5.48%	2	Pakistan Stock Market Fund	1.33%	2	MCB Dynamic Stock Fund	0.549
3	MCB Dynamic Stock Fund	4.04%	3	United Stock Advantage Fund	1.41%	3	KASB Stock Fund	0.194
4	KASB Stock Fund	4.00%	4	UTP A30+ Fund	1.47%	4	Crosby Dragon Fund	0.082
5	Pakistan Stock Market Fund	3.52%	5	AKD Opportunity Fund	1.65%	5	Pakistan Stock Market Fund	0.054
6	United Stock Advantage Fund	3.51%	6	Atlas Stock Market Fund	2.02%	6	United Stock Advantage Fund	0.044
7	AKD Opportunity Fund	3.31%	7	AMZ Plus Stock Market Fund	2.08%	7	AKD Opportunity Fund	-0.087
8	UTP A30+ Fund	3.30%	8	MCB Dynamic Stock Fund	2.26%	8	UTP A30+ Fund	-0.102
9	National Investment Trust	2.82%	9	National Investment Trust	3.47%	9	National Investment Trust	-0.273
10	AMZ Plus Stock Market Fund	2.76%	10	KASB Stock Fund	4.46%	10	AMZ Plus Stock Market Fund	-0.334
11	Atlas Stock Market Fund	2.53%	11	Crosby Dragon Fund	10.90%	11	Atlas Stock Market Fund	-0.455
AVERAGE		4.06%	AVERAGE		2.94%	AVERAGE		0.185
OPEN-END ISLAMIC EQUITY FUNDS								
Funds Name		Avg Monthly Returns	Funds Name		Tracking	Funds Name		Information
		Jan-Sep 2007			Error			Ratio
1	Meezan Islamic Fund	3.20%	1	Meezan Islamic Fund	2.35%	1	Meezan Islamic Fund	-0.1066
2	Pakistan Int'l Islamic Fund - A	2.89%	2	UTP Islamic Fund	2.38%	2	Pakistan Int'l Islamic Fund - A	-0.1587
3	UTP Islamic Fund	2.01%	3	Pakistan Int'l Islamic Fund - A	3.55%	3	Atlas Islamic Fund	-0.4401
4	United Composite Islamic Fund	0.88%	4	Atlas Islamic Fund	4.52%	4	United Composite Islamic Fund	-0.5461
5	Atlas Islamic Fund	0.36%	5	United Composite Islamic Fund	4.70%	5	UTP Islamic Fund	-0.6038
Average		1.87%	Average		3.50%	Average		(0.3710)
OPEN-END INCOME/MONEY MARKET FUNDS								
Funds Name		Avg Monthly Annualized	Funds Name		Standard	Funds Name		Sharpe
		Returns Jul-Sep 2007			Deviation			Ratio
1	AMZ Plus Income Fund	11.85%	1	MCB Dynamic Cash Fund	0.45%	1	KASB Liquid Fund	2.142
2	Faysal Income & Growth Fund	10.37%	2	NAFA Cash Fund	0.59%	2	NAFA Cash Fund	1.730
3	Askari Income Fund	10.15%	3	KASB Liquid Fund	0.67%	3	Askari Income Fund	1.630
4	KASB Liquid Fund	9.72%	4	Askari Income Fund	0.70%	4	MCB Dynamic Cash Fund	1.521
5	NAFA Cash Fund	9.57%	5	United Money Market Fund	0.73%	5	AMZ Plus Income Fund	1.517
6	MCB Dynamic Cash Fund	9.51%	6	Reliance Income Fund	0.76%	6	Dawood Money Market Fund	1.359
7	Pakistan Income Fund	9.34%	7	United Growth & Income Fund	0.85%	7	Faysal Income & Growth Fund	1.284
8	UTP Income Fund	9.33%	8	Pakistan Income Fund	0.91%	8	Pakistan Income Fund	1.108
9	Dawood Money Market Fund	9.33%	9	UTP Income Fund	0.99%	9	United Growth & Income Fund	0.933
10	United Growth & Income Fund	9.11%	10	Dawood Money Market Fund	1.14%	10	UTP Income Fund	0.726
11	United Money Market Fund	8.89%	11	Meezan Islamic Income Fund	1.17%	11	United Money Market Fund	0.588
12	Atlas Income Fund	8.82%	12	AMZ Plus Income Fund	1.41%	12	Meezan Islamic Income Fund	0.440
13	Meezan Islamic Income Fund	8.77%	13	Faysal Income & Growth Fund	1.81%	13	Reliance Income Fund	0.417
14	Reliance Income Fund	8.66%	14	Atlas Income Fund	3.59%	14	Atlas Income Fund	0.213
AVERAGE		9.49%	AVERAGE		1.13%	AVERAGE		1.115

Please Note: Funds launched after March 2007 are not included in the above table.

Standard Deviation, Tracking Error, Sharpe Ratio and Information Ratio are calculated on monthly returns during Jan-Sep 2007.

KSE-100 index has been used as a benchmark for the calculating information ratio while 6month T-Bill rates have been used as a risk rate for calculating Sharpe Ratio.

Balance, Asset Allocation, Sector Specific and Hybrid Funds are not included in this issue of monthly bulletin. We are in process of developing appropriate benchmark for each of these funds.

Glossary

Standard Deviation

A measure of the dispersion of a set of data from its mean. The more spread apart the data is, the higher the deviation. In mutual funds, the standard deviation tells us how much the return on the fund is deviating from the expected normal returns.

Sharpe Ratio

A ratio developed by Nobel laureate William F. Sharpe to measure risk-adjusted performance. It is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns.

The Sharpe ratio tells us whether the returns of portfolio are due to smart investment decisions or a result of excess risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

Tracking Error

The percentage difference in total return between an index fund and the benchmark index the fund was designed to replicate. This definition of tracking error is best used for evaluation of a passive manager such as an index fund.

$$TE = \sqrt{\frac{\sum_{i=1}^n (R_P - R_B)^2}{N - 1}}$$

Where:

TE = Tracking Error

R_P = Return of Manager or Fund

R_B = Return of Benchmark

N = Number of Return Periods

Information Ratio

The selection Sharpe ratio also known as the information ratio is a measure of active (residual) or selection return per unit of active (residual) risk.

$$IR = \frac{R_P - R_B}{\sqrt{\frac{\sum_{i=1}^n (R_P - R_B)^2}{N - 1}}}$$

Where:

IR = Information Ratio

R_P = Manager or Fund Return

R_B = Return of Benchmark

N = Number of Return Periods

The information ratio is considered a risk-adjusted measure of performance focusing on residual (active) return to residual (active) risk. This is useful ratio for comparing skill across managers.

Source: Investopedia & Tracking Error and the Information Ratio (June 2000- The Journal of Investment Consulting)

IGI

Investment Bank

I, **Tahir Hussein Ali**, 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.

IGI Investment Bank Limited

(Formerly First International Investment Bank Ltd.)

Karachi

7th Floor, The Forum,
Suite No. 701-713,
G-20, Block 9, Khayaban-e-Jami,
Clifton, Karachi
Phone: 021-111-234-234
Fax: 021-111-567-567

Lahore

5 F.C.C, Ground Floor, Syed
Maratib Ali Road, Gulberg, Lahore
Phone: 042-111-234-234,
042-5756701, 5777861-70
Fax: 042-111-567-567

Islamabad

Mezzanine Floor,
Razia Sharif Plaza,
90 Blue Area G-7,
Islamabad
Phone: 051-111-234-234
Fax: 051-111-567-567

Faisalabad

9th Floor, State Life Building,
Faisalabad
Phone: 041-2540811-14,
041-2540841-45
Fax: 041-111-567-567

IGI
Investment Bank

Disclaimer: All investments in mutual funds are subject to market risk. The NAV, any dividends and/or returns have been provided by the asset management company/(ies), and are dependent on forces affecting the capital markets. Past performance is not necessarily indicative of future results. Fund Select does not take any responsibility for the financial soundness of any scheme or guarantee any returns on investment made in the products by users. The information, data, analysis and opinions contained herein (1) include the confidential and proprietary information of Fund Select, (2) may not be copied or redistributed, and (3) are not warranted to be complete, accurate or timely. Fund Select shall not be responsible for any trading decisions, damage or other losses resulting thereof.