

## FUND SELECT

An Investment Guide to Mutual Funds  
(An Exclusive Annual Issue)

### Highlights

#### Market Roundup

Despite the turbulent era witnessed towards the end of 2007, the year ended on a positive note on almost all major indices globally.

#### Best Performing Funds of 1HFY07-08

Crosby Dragon, NAFA Multi Asset, Pakistan International Islamic and AMZ Income Funds have proven to be the best performing funds of 1HFY07-08 in their respective fund categories.

#### IGI Income Fund

The Fund's standard deviation for the first half of the ongoing FY07-08, calculated on the monthly returns, works out to be the 0.26% which is the lowest in the industry and making the fund the best income fund based on this key investment criteria.

#### AKD Opportunity Fund

Since inception, the fund has offered a cumulative return of 29.55% as against benchmark KSE-100 index return of 22.11%, thus the fund has outperformed its benchmark by a hefty margin of 744 basis points (bps).

#### CY 2007: A Glorious Year for the Mutual Fund Industry of Pakistan

The cumulative fund size of open end mutual funds surged to US\$4.82bn (PRs302.23bn) from US\$2.07bn (PRs129.7bn) a year ago, this translates into a growth of 133%YoY.

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# IGI

Investment Bank

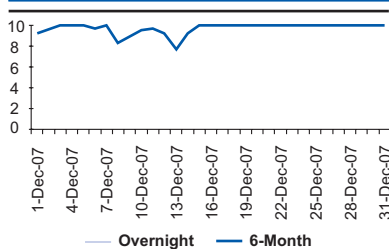
## CONTENTS

Section	Page
Market Roundup .....	3
Best Performing Funds of 1HFY07-08.....	5
IGI Income Fund .....	7
AKD Opportunity Fund.....	10
CY 2007: A Glorious Year of the Mutual Fund Industry of Pakistan.....	13
Relative Ranking.....	17
Performance Profile .....	18
Dividend Display .....	19
Rating Guide .....	20
Sector Snapshot .....	21

*"In this issue we present two randomly selected funds namely **IGI Income Fund** and **AKD Opportunity Fund**. Both these funds have demonstrated fairly decent performance in their respective fund categories. The idea behind this "product" is to enhance the reader's knowledge about different mutual funds. In our view, this is still a much untapped sector which provides a relatively better investment opportunity to investors. Your suggestions to add value to this product are more than welcome."*

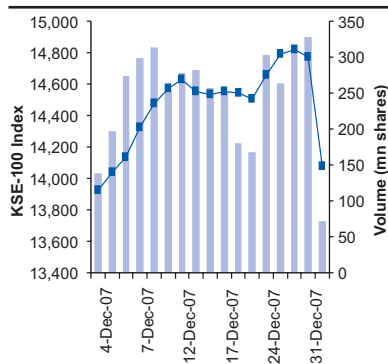
## Market Roundup

Chart 1: O/N Rate December 07



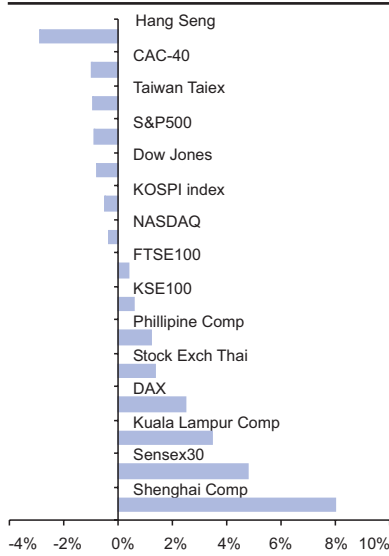
Source: IGI Research

Chart 2: KSE - 100 Index



Source: IGI Research

Chart 3: Global Bourses- Performance Highlights December 2007



Source: Bloomberg &amp; IGI Research

## Money Market Overview

December witnessed Eid ul Azha along with the usual Christmas and New Year celebrations and thus maintained spending focus amongst consumers during the month. As a result, the overnight lending rates remained tight throughout. Eid ul Azha falling in close proximity to the New Year resulted in a tight cash crunch in the money market. The month witnessed frequent and heavy discounting amid heavy withdrawals by consumers preparing for the sacrificial Eid near the end of the year. However, due to extended holidays, the money in circulation could not return to the banking system soon enough. Nonetheless, the corporate sector craved for cash to window dress its financial statements and inflate its assets near the year's end. This placed extra pressure on market liquidity and left the financial sector with no choice but to approach the discount window again and again. Consequently, the overnight rates kept climbing up and hovered just below the discount rate ceiling during most of the month.

## Equity Market Snapshot

December was a very 'happening' month for Pakistan and the country underwent a lot of political activity shortly before the anticipated elections. The month witnessed the uplifting of emergency and restoration of the constitution; removal of the military designation of General Pervez Musharraf and his oath-taking as the civilian President of the country for the next five years; and assassination of the country's twice elected former Prime Minister Ms. Benazir Bhutto.

Table 1: KSE Review December, 2007

	KSE100	KSE30	CFS Amount (PRs bn)	CFS (Rate %)	Market Cap (PRsbn)	Avg. Turnover Ready (mn shares)	Avg. Turnover Futures (mn shares)
31-Dec	14,075.83	16,717.10	53.67	17.61	4,329.91	244.35	35.65
30-Nov	13,998.52	16,755.72	53.34	11.03	4,328.94	234.33	52.02
%Chg MoM	0.55%	-0.23%	0.62%	59.66	0.02%	4.28%	-31.47%

Source: IGI Research

The Ms. Bhutto assassination led to significant political unrest in the country and brought the angry demonstrators and plunderers alike out on the streets. The country witnessed heavy anger and violence which resulted in immense losses of public and private property throughout the country. Despite unrest in the country and the sporadic market on the last day of the year, KSE did manage to close the month in the green zone, showing a growth of 0.56% MoM during December.

## Global Bourses Highlights

December's quarter basis point rate cut by the Federal Reserves failed to impress the investors who were eyeing a larger cut in the primary rate. The worsening economic situation has perhaps turned the investors too skeptical and they may not settle for subtle measures. The five-year mortgage rate freeze by the Bush administration, apart from the qualitative issues raised over the decision, also is only meant to alleviate a part of the problem by limiting the number of housing foreclosures; while the bulk of the credit crisis might still prevail.

Table 2: Global Bourses Highlights

Bourses	31-Dec-07	30-Nov-07	MoM	Trailing PE (x)	Yield (%)	Avg. Vol (mn shares)
Dow Jones	13,264.82	13,371.72	-0.80%	58.55	2.26	215.55
NASDAQ	2,652.28	2,660.96	-0.33%	37.68	0.6	808.39
S&P500	1,468.36	1,481.14	-0.86%	18.51	1.92	1075.94
FTSE100	6,456.90	6,432.50	0.38%	12.36	3.4	1048.51
CAC-40	5,614.08	5,670.57	-1.00%	13.37	3.2	126.06
DAX	8,067.32	7,870.52	2.50%	13.64	2.83	128.28
Hang Seng	27,812.65	28,643.61	-2.90%	18.09	2.5	1961.9
Shanghai Comp	5,261.56	4,871.78	8.00%	44.95	0.8	6486.01
Sensex30	20,286.99	19,363.19	4.77%	27.99	0.94	13.295
Phillipine Comp	3,621.60	3,578.55	1.20%	15.2	2.66	332.02
Stock Exch Thai	858.01	846.44	1.37%	19.92	3.3	1451.48
Taiwan Taiex	8,506.28	8,586.40	-0.93%	20.14	3.98	2408.56
KOSPI index	1,897.13	1,906.00	-0.47%	15.04	1.6	301.11
Kuala Lumpur Comp	1,445.03	1,396.98	3.44%	16.07	3.56	176.22
KSE100	14,077.16	13,998.52	0.56%	16.21	2.92	151.86

Source: Bloomberg &amp; IGI Research

The US stocks that usually responded positively to such steps in the past, could raise no support from the weary investors this time as all past efforts seemed to have proven insufficient in front of the challenges the world has faced. The anxiously awaited US employment data for December was being referenced as an indicator to gauge the impact of the Housing crisis. The idea was that if the employment situation and hence average income in the US manages to improve, or at least remain stagnant rather than decline, the nation could avoid a possible recession. Even though the report indicated slight improvements in the overall situation of employment at the US, nothing could seem to win back the investor's faith. 2007 had an inevitable sad end with the Dow Jones Industrial Average (DJIA) slipping by 0.8%, shedding 107 points, while NASDAQ declined by 0.33% during December'07. Nonetheless, positive sentiments from the employment data aided the revival of Shanghai Composite that jumped up 8%. Infact, most Asian indices performed well with Sensex30 gaining 4.77% on back of strong economic growth, and KLCI up by 3.44%.

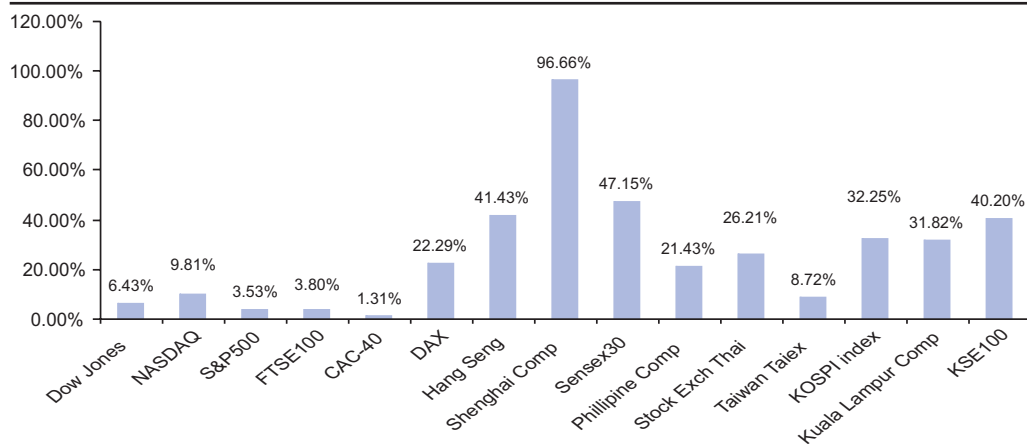
The European markets, however, reacted with mixed sentiments. The Federal Reserves also want European banks to step in to alleviate the credit crunch. The impact of the US economy on the world economy can be a good enough reason to heed to such call for help. DAX recovered 2.50% during the month under review, while FTSE gained 0.38%. However, CAC-40 declined by a further 1.00%.

### Farewell 2007

A rollercoaster year comes to an end in which the world traded oil at over US\$100 a barrel and witnessed one of the worst credit crunches in history. Despite the turbulent era witnessed towards the end of 2007, the year ended on a positive note on almost all major indices of the world. The Dow Jones Industrial Average (DJIA) climbed 6.43%YoY while NASDAQ went up 9.81%. DJIA grew 7.59% during the first half of 2007, but the ever increasing oil prices and the unfolding credit crises took the best of the US economy with the index slipping by 1.07% during the second half of the year. DAX showed the highest growth among the European markets posting a rise of 22.29%YoY whereas FTSE and CAC grew marginally by 3.80% and 1.31% respectively during the year.

Among the Asian markets, the Shanghai Composite almost doubled during the year under review, growing 96.66%YoY while the second fastest growing economy of the world lulled more investors through growth promises and Sensex30 rushed up by 47.15%. KSE100 maintained its rhythm and showed impressive growth on a couple of occasions during the year. The index was continuously on the rise near the year-end when bad luck struck and the assassination of an ex-premier ruined the law and order situation of the country. The KSE100 that touched the level of 14,815 on December 26, 2007 recorded its largest single day decline of 696 points to close at 14,076 on December 31, 2007. Nonetheless, KSE posts a 40.20%YoY growth during 2007.

**Chart 4: Global Bourses Performance in CY2007**



Source: Bloomberg & IGI Research

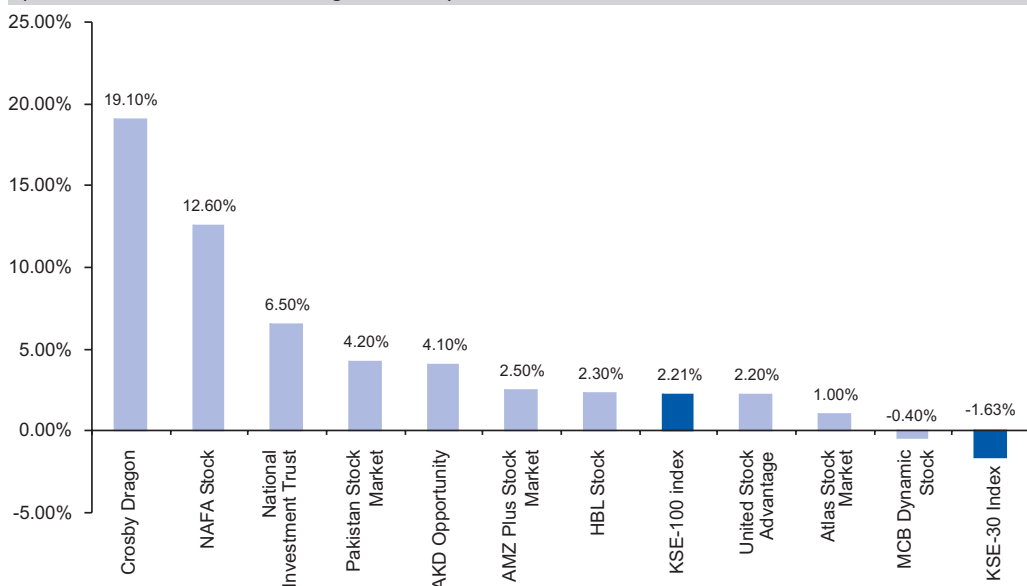
## Best Performing Funds of 1HFY07-08

### Equity Funds

During first half FY07-08, most equity funds managed to outperform the benchmark KSE-100 index. Crosby Dragon, NAFA Stock Market and National Investment Trust respectively emerged as top three pure equity funds. All these funds outperformed the KSE-100 index return by significant margins. Moreover, Pakistan Stock Market, AKD Opportunity, AMZ Plus Stock Market and HBL Stock Market funds managed to outperform the KSE-100 index. United Stock Fund performed almost in line with the KSE-100 index. Nevertheless, Atlas Stock Market, MCB Dynamic Stock, KASB Stock and UTP A30+ Funds demonstrated somewhat lackluster performance and failed to outperform the KSE-100 index. However, the former three funds managed to outperform the KSE-30 index. It is interesting to note that the HBL Stock Fund was launched only a few months ago and has managed to outperform the benchmark KSE-100, which depicts the prudent and timely investment strategy implemented by the fund from the very beginning.

**Chart 5: Top Ten Pure Equity Funds of 1H FY07-08**

(Criteria: Year-to-Date Return during 1H FY07-08)



Source: IGI Research & Fund Select

### Asset Allocation, Balanced and Hybrid Funds

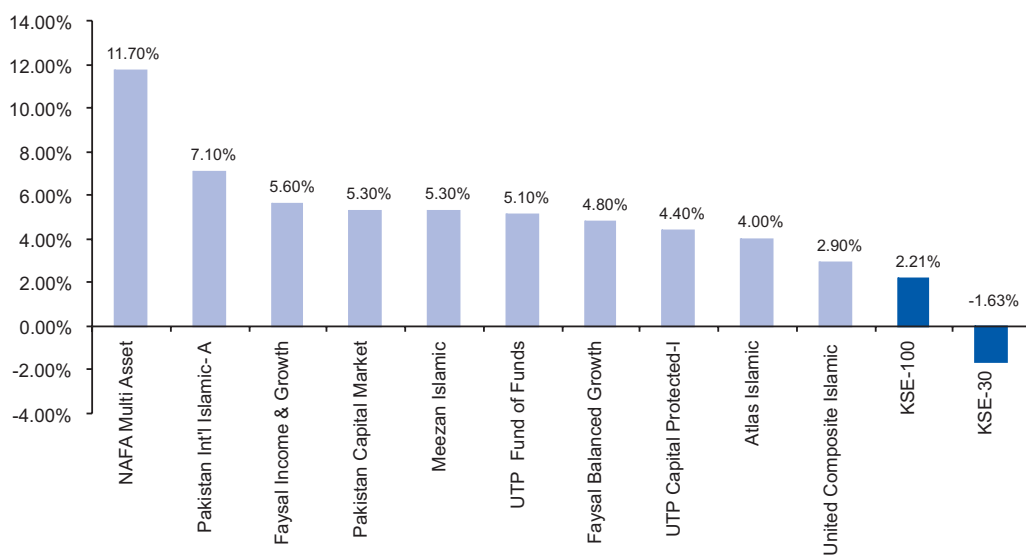
In this category of the funds, NAFA Multi Asset Fund emerged as the best performing fund with a year-to-date return of 11.70%. Moreover, Faysal Income and Growth, Pakistan Capital Market, UTP Fund of Funds, Faysal Balanced Growth and UTP Capital Protected Fund-1 demonstrated outstanding performances and have managed to outperform the KSE-100 index by a fairly decent margin.

### Islamic Funds

Pakistan International Islamic Fund emerged as the best Islamic Fund which deploys funds in both the domestic and foreign bourses while Meezan Islamic Fund proved to be the best Islamic fund investing only in the local equity market. The Atlas Islamic Fund and the recently launched United Composite Islamic Fund also managed to outperform the KSE-100 index by fairly decent margins.

**Chart 6: Best Performing Asset Allocation/Balanced, Hybrid and Islamic Funds of 2007**

(Criteria: Year-to-Date Return during 1H FY07-08)



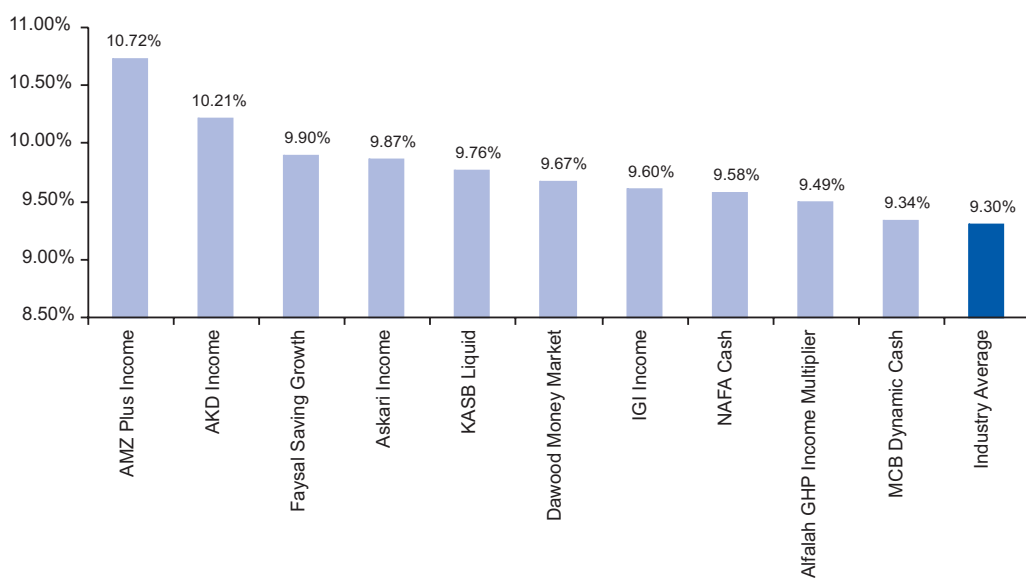
Source: IGI Research & Fund Select

### Income/Money Market Funds

AMZ Plus Income and AKD Income Funds offered year-to-date annualized return of more than 10% and have emerged as the top two Income/Money Market Funds. Out of twenty-one open end income/money market funds, the top ten funds for the first half FY07-08 can be seen in the graph below.

**Chart 7: Top Ten Pure Income/Money Market Funds of 1HFY07-08**

(Criteria: Year-to-Date annualized return July-December 2007)



Source: IGI Research & Fund Select

**IGI Income Fund**

**Company Snapshot**

**Table 3: Fund Information (IGIIF)**

Management	
Company	IGI Funds Limited
Fund Type	Open-end
Fund Lifespan	Perpetual
Dealing	
Frequency	Daily
Capital Gains Tax	Exempt
Pricing	Forward Day
Sales Load	Currently 0%
Asset Class	Fixed Income
Management Fee	1.25%
Holding Period	None
Min Initial	
Investment	PKR 5,000/-
Min Subsequent	
Investment	PKR 1,000/-
Trustee	CDC Pakistan Limited
Auditor	KPMG, Taseer Hadi & Co.
Listing	Lahore Stock Exchange
Benchmark	1-month KIBOR
*Fund Size (Net Assets)	
	PKR 3,005 Million
*NAV per Unit	
	PKR 104.9432

\*As on December 31, 2007

Source: IGIIF FMR

IGI Funds Limited - IGIFL is a group company of the IGI Financial Services and Packages Limited. The guiding premise for IGIFL's business growth model is providing investment solutions and products designed to address expressed investor needs. IGIFL entered the market with IGI Income Fund (IGIIF) in an effort to provide investors with a liquid and fixed-income portfolio product backed by sponsors of sterling integrity and repute. Presently, total assets under management of IGI Funds Limited is PRs3.2billion. The launch of IGI Stock Fund is in its advanced stages and is likely to be launched in March 2008. IGIFL has outsourced its internal auditing to M/s Yousuf Adil and is one of the three Asset Management Companies in Pakistan which has outsourced its internal auditing system. This depicts truly an authentic auditing system implemented by the company to ensure the authenticity of its day to day investment activities. The company is rated AM3- by PACRA.

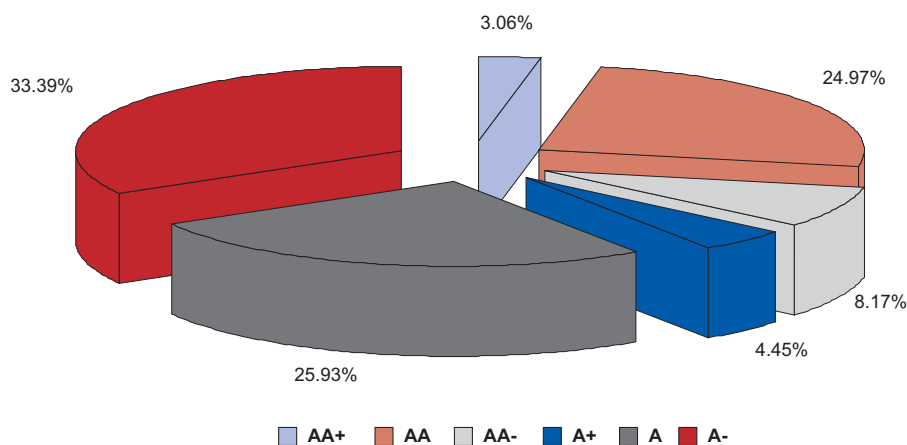
**Investment Objective**

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 Methodology**

The fund aims to achieve the aforementioned objective by investing primarily in financially sound fixed income instruments. Besides prospective return, credit ranking of the instrument as well as the issuer coupled with the tenor and liquidity of the issue are of prime importance for the investment committee for taking exposure in any fixed income asset. The following graph shows that the fund does not have any exposure in assests having a rating below A-.

**Chart 8: Credit Splits of the portfolio**



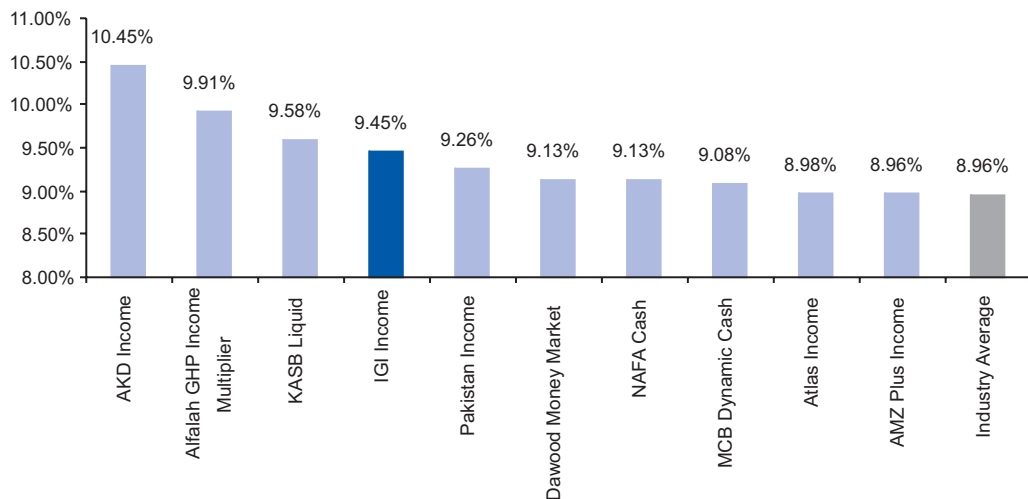
Source: IGIIF FMR (Fund Manager Report)

**Performance Highlights**

During the month of December 2007, the fund has offered an annualized return of 9.49% while the industry average annualized return for the month stood at 8.94%, outperforming the average industry return by 55 basis points (bps). Nevertheless, the benchmark one month KIBOR during the month under review was 9.82%, with the fund underperforming its benchmark by 33bps. The main reason behind this underperformance as compared to the benchmark is that the market was very tight on the shorter tenors therefore 1M KIBOR increased sharply and was higher than 3M

and 6M KIBOR towards the end of the month. The market has been very tight due to withdrawal from the banking system on account of Eid and Christmas. During the month of December 2007, the fund's return was the fourth best amongst the income/money market funds.

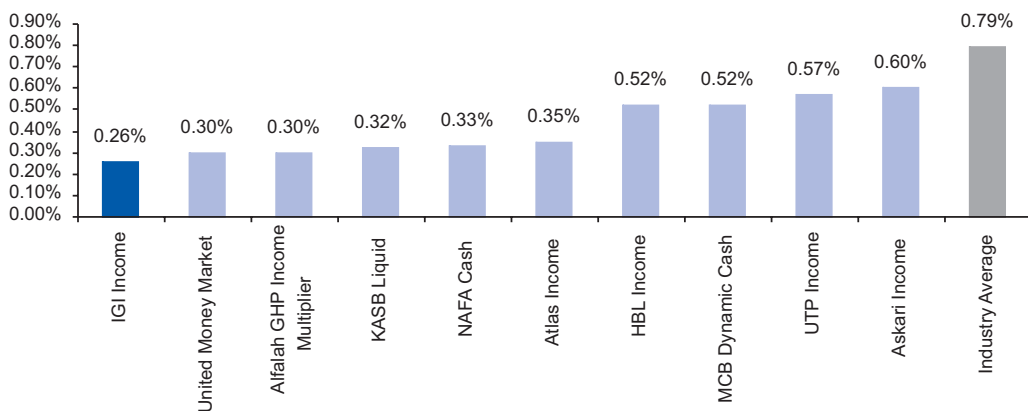
**Chart 9: Top Ten Income/Money Market Funds in December CY2007**



Source: IGI Fund Select & IGI Research

Since inception, the fund has offered an annualized return of 9.77% as against the benchmark return of 9.54%, thus the fund has outperformed its benchmark by 22bps. It is imperative to note that during the first half of the ongoing FY07-08, the fund has demonstrated outstanding consistency in its performance. The standard deviation, which is considered to be one of the key investment indicators for investors and IGI Income fund, has emerged as the best performing fund based on this pivotal investment parameter. The Fund's standard deviation for the first half of the ongoing FY07-08, calculated on the monthly returns, works out to be 0.26% which is the lowest in the industry, making the fund the best income fund based on this key investment criteria.

**Chart 10: Top Ten Funds Based on Standard Deviation**

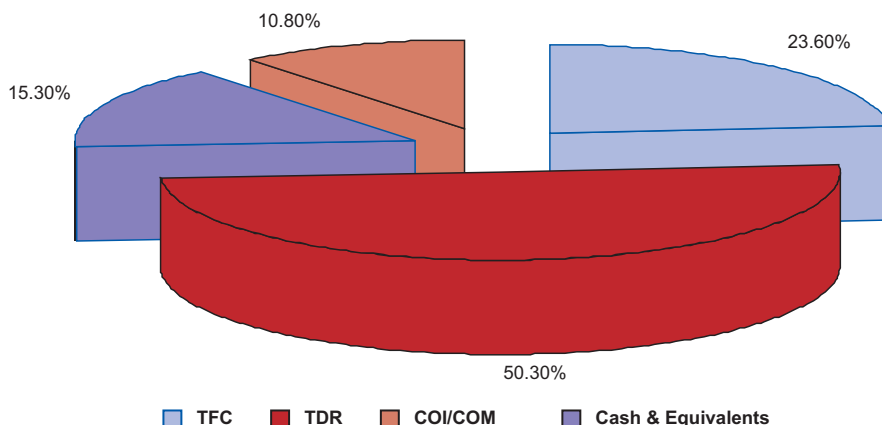


Source: IGI Fund Select & IGI Research

**Asset Allocation**

During the month of December 2007, the fund has diverted significant amount of investments from cash towards relatively higher yield assets. As on Dec 31, 2007, the fund had slightly over 50% of the total assets deployed in TDRs which was only 39% on November 30, 2007. Moreover, exposure in TFCs has increased from 16.5% to 23.60% and investments in COI/COMs have increased from 11.40% to 15.30%.

**Chart 11: Asset Allocation as on Dec 31, 2007**



Source: IGIIIF FMR (Fund Manager Report)

**Portfolio Evaluation**

After briefly evaluating the portfolio status as on Dec 31, 2007, we believe that the aforementioned allocation would enable the fund to yield even better returns going forward. Moreover, the average duration of the portfolio is only 6 months and the fund benchmark is 2 years. This depicts that the fund has substantial room to increase its exposure in relatively longer term and higher yield assets, which would potentially enable the fund to offer an even better return to investors in near future.

**Table 4:**

Duration (months)	6.01
Standard Deviation	0.22%
Sharpe Ratio	0.28
Return (December)	9.49%
Expense Ratio *	1.58%

\* Ratio of total expenses including management fee to the average net assets.  
 Note: The Standard Deviation and Sharpe Ratio have been calculated using monthly returns for FY08 and the Sharpe Ratio has been calculated against benchmark.

Source: IGIIIF FMR

**Target Market**

The outstanding standard deviation makes the fund an ideal investment option for investors aiming for above average money market returns on a sustainable basis.

**The Bottomline- An Investment Perspective**

We view this fund as a defensive long term growth player having potential to offer returns over and above investors' expectation with maximum protection of the initial investments.

## AKD Opportunity Fund

### Company Snapshot

AKD investment management limited is a wholly owned subsidiary of AKD securities. Presently the company has three open end with one closed end funds. The company plans to launch the Shariah Compliant fund in the long term. Currently the company has over PRs7bn under management. In a short period, AKDIML has managed to upgrade its Management Quality rating issued by JCR – VIS and is presently rated AM3+. This denotes Good Management Quality which reflects that the company has built and significantly enhanced its human resource, operations, research capabilities and fund performance.

### Investment Objective

AKDOF filters through the opportunity presented in the capital markets, searching for the optimal combination of investment strategies mainly in equities, followed by fixed income and money markets as a contingent defense strategy.

### Investment Methodology

In order to achieve the aforementioned objective, the fund has implemented a fairly flexible investment strategy. Entry and exit from the equity market primarily depends on the fundamental valuations and technical analysis. The fund mainly focuses on blue chip stocks and takes exposure in stock with medium to long term horizon. The fund does not engage in intra-day trading and avoids taking a short term position. For entering in any stock, the investment committee carries out an in-depth top-down fundamental analysis through in-house and external sell-side research houses. Besides fundamentals, the fund also gives weightage to the liquidity of the stocks and allocates almost 10% of the total assets to fundamentally robust long term value players. The exit strategy is mainly based on technical analysis. When the market appears expensive, the fund parks some portion of the asset in fixed income instruments which primarily include preference shares and Term Finance Certificates (TFCs).

### Performance Highlights

Since inception, the fund has offered a cumulative return of 29.55% against the benchmark KSE-100 index return of 22.11%, showing the fund to have outperformed its benchmark by a hefty margin of 744 basis points (bps). If PRs100,000 were invested in the fund at the time of inception, this amount would have grown to PRs129,550 on December 31, 2007. This translates into an average annual return of almost 16.90%.

**Table 5: Fund Information (AKD)**

Closed-end	NAV	Rate
Golden Arrow Selected Stocks Fund	9.39	6.70
As of :1/10/2008		
Open-end	Offer	Redemption
AKD Income Fund	53.4204	52.8914
AKD Opportunity Fund	62.70	60.85
AKD Index Tracker Fund	13.53	13.38

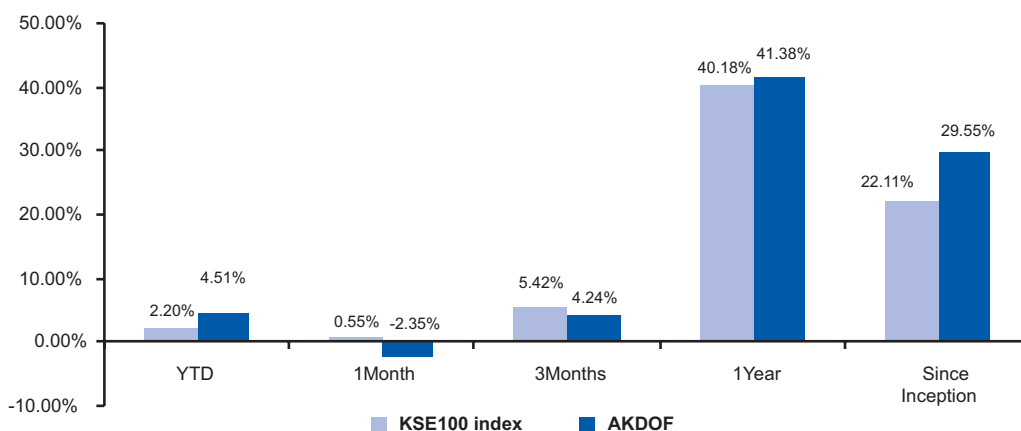
Applicable date:1/9/2008  
Source: www.akdinvestments.com

**Table 6: Fund Information (AKD)**

Total Units:	22,851,715
Face Value	PRs50
Asset under management	PRs1.38bn
Dividend Yield for FY07	11.3% (on starting NAV of FY07)
Type of Fund	Open end
Date of Fund Launch	March, 2006
Fund Index	KSE100 Index
Net Asset Value (31st December 07)	PRs60.3
KSE symbol	AKDOF
Management Fee	3%
Sales load (front-end)	3%
Auditor	M. Yousuf Adil Saleem & Co.

Source: AKDOF FMR

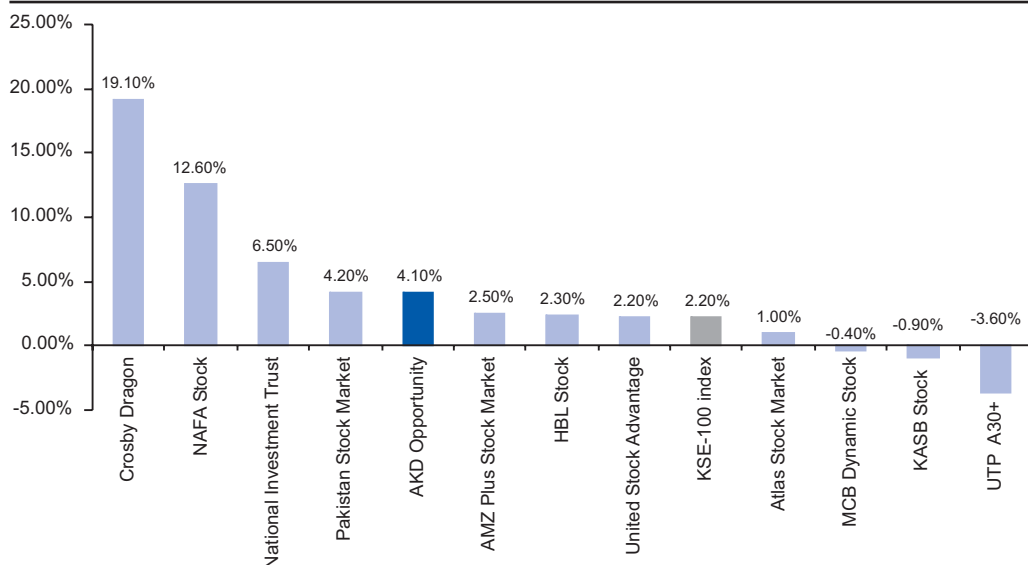
**Chart 12: AKDOF V/S KSE-100 Index: Relative Performance Snapshot**



Source: AKDOF Fund Manager Report (FMR)

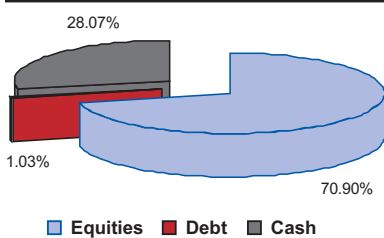
In December 2007, the fund's NAV fell 2.35% while the KSE-100 index increased 0.55%, showing the fund to have underperformed the index by 2.90%. During the first half of the ongoing FY07-08, the fund has offered a return of 4.51% against the benchmark KSE-100 return of 2.20%, outperforming its benchmark by a margin of 2.31%. Considering the year-to-date return, the fund has emerged as the fifth best performing equity fund in the industry. Moreover, during the CY07, the fund has offered a cumulative return of 41.38% while the KSE-100 increased by 40.18%, again outperforming the index by 120bps.

**Chart 14: AKD Opportunity Fund: 1HFY07-08 Relative Performance Highlights**



Source: IGI Fund Select & IGI Research

**Chart 13: Asset Allocation as on December 31, 2007**

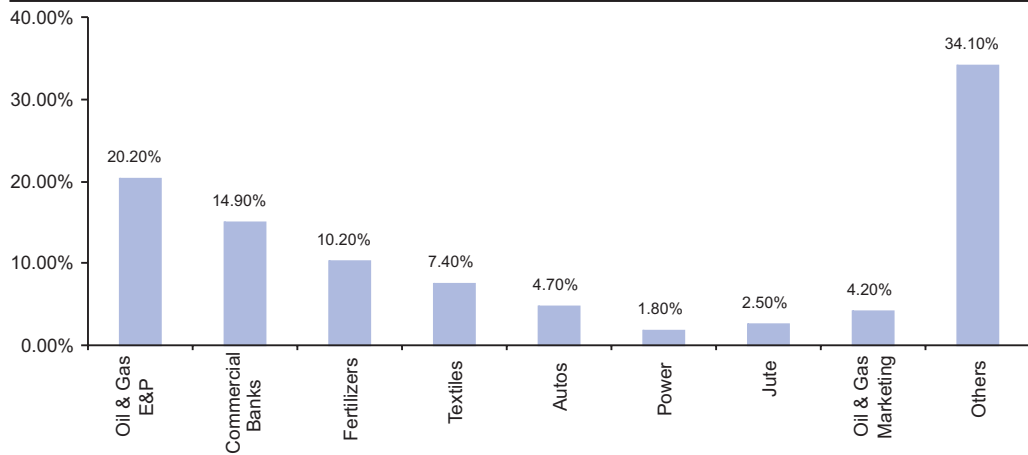


Source: AKDOF FMR

**Asset Allocation**

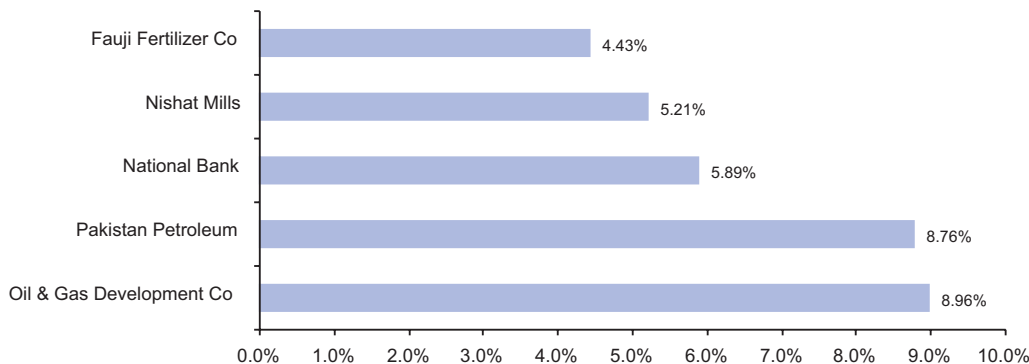
During the month of December 2007, the fund maintained a cautious stance towards equities. The key rationale behind the cautious stance was the rising political uncertainty leading to the elections and deteriorating economic indicators unveiled by the Federal Bureau of Statistics (FBS). During the month, exposure to Oil and Gas Exploration & Production was raised from 17.06% to 20.2% to benefit from strengthening oil prices and cheap valuations. Exposure to the auto sector was reduced from 5.65% to 4.70% on the back of a decline in demand growth for autos. Considering the ongoing political and economic scenario, the fund chose to focus on blue chips offering consistently growing future earnings. Nevertheless, fundamentally robust blue chip stocks underperformed the market during the month which led to the underperformance of the fund.

**Chart 15: Major Sector Exposure as on Dec 31, 2007**



Source: AKDOF FMR

**Chart 16: Top Five Holdings as on December 31, 2007**



Source: AKDOF FMR

**Portfolio Evaluation**

After briefly examining the portfolio status of the fund as on Dec 31, 2007, it can be seen that substantial liquidity must have provided an outstanding investment opportunity to the fund from the massive correction witnessed by the market after the assassination of the twice elected Prime Minister Benazir Butto. Moreover, relatively higher exposure towards fundamentally robust Oil and Gas Exploration & Production companies would enable the fund to yield even better returns as this sector has outperformed the index in the recent ongoing rally. The fund’s PE ratio and Beta is relatively lower than that of the market which depicts that the fund has potential to offer comparatively higher returns to investors with relatively lesser risk involved.

**Table 7: Fund Characteristics**

Statistics	FY08 E
Price to Earning Ratio	7.14
Price to Book Value Ratio	2.08
EPS Growth	14.35%
Dividend Yield	3.92%
No. of long-term positions	27
Beta	0.7
Alpha	5.82%
Sharp Ratio	1.34

Source: AKDOF FMR

**Target Market**

The fund provides an ideal investment opportunity to investors with an investment objective of long term capital appreciation.

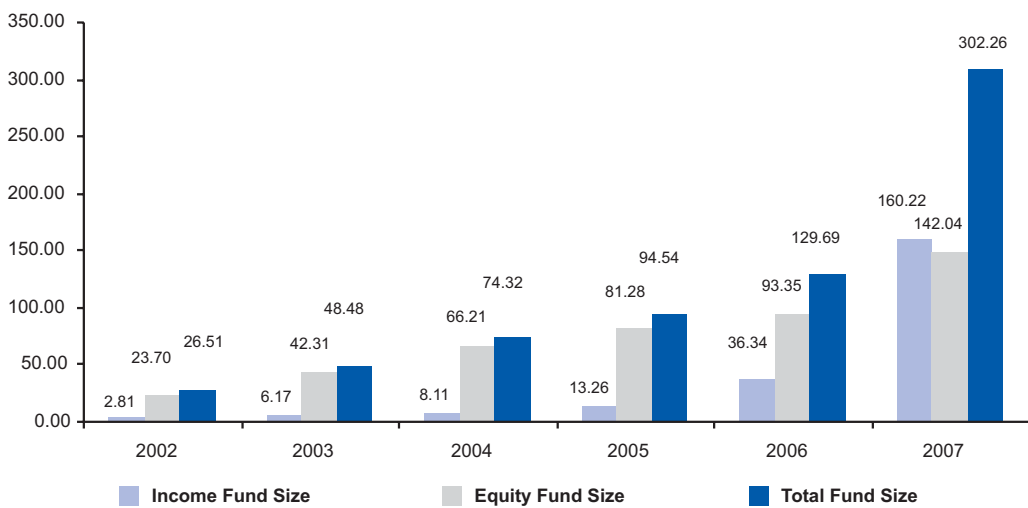
**The Bottomline**

We view this fund as an aggressive growth player having potential to offer return’s over and above equity market returns in the medium to long term.

### CY 2007: A Glorious Year for the Mutual Fund Industry of Pakistan

The Calendar Year 2007 proved to be a milestone year for the Mutual Fund industry of Pakistan. The cumulative fund size of open end mutual funds surged to US\$4.82bn (PRs302.23bn) from US\$2.07bn (PRs129.7bn) a year ago, this translates into a growth of 133%YoY. Moreover, during the past five years the industry has witnessed exponential growth and has increased at a 5 year CAGR of 62%. Growth in income funds has been almost unprecedented which surpassed the cumulative size of Equity Funds. Since CY2002, the cumulative size of income funds increased at a 5 year CAGR of 124.43% while during this period the total size of equity funds rose at a CAGR of 43%.

**Chart 17: Growth in Open End Mutual Fund Sizes during 2002-07**

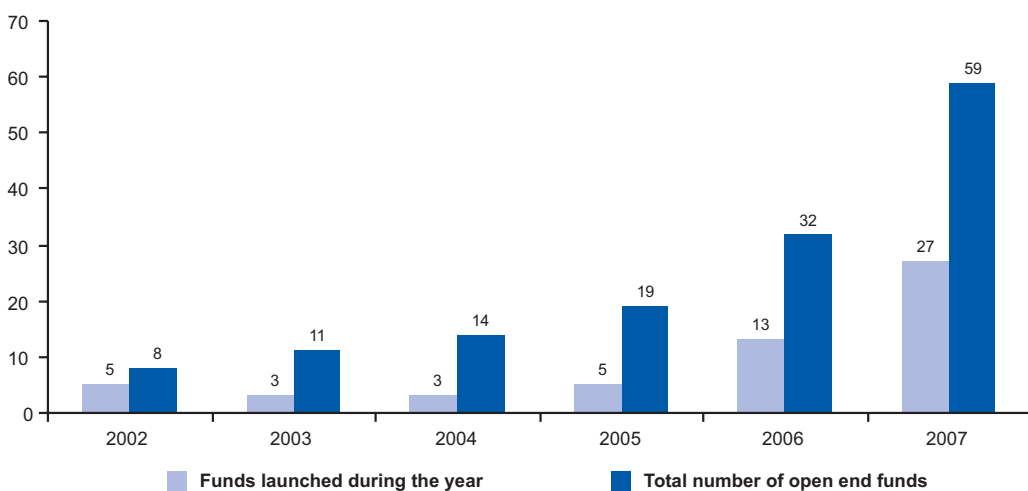


Source: IGI Research & Fund Select

### Funds Launched during CY2007

A total of 27 open end mutual funds were launched during the year comprising of 11 open end income funds, 6 pure equity funds, 4 islamic funds, 3 hybrid funds, 2 balance funds and 1 assets allocation fund open end equity funds. Moreover, 6 pension funds were also launched during the year. In CY2002 the total number of mutual funds was less than 10 which increased to 32 in CY2006 and subsequently to 59 in CY2007. This depicts that the mutual fund industry of Pakistan has witnessed phenomenal growth during the past five years of robust economy revival.

**Chart 18: Number of Open End Mutual Funds**



Source: IGI Research & Fund Select

Table 8: Funds Launched during 2007 year

Funds Name	Fund Category	Date of Inception	Asset Management Companies (AMCs)	Seed Capital (PRsmn)	Fund Size at Inception (PRs bn)	Present Fund Size (PRsbn)	%Growth in Fund Size
AKD Income Fund	Income	Mar-07	AKD Investment Management	250	1.200	4.840	303.33%
HBL Income Fund	Income	19-Mar-07	HBL Asset Management	250	2.541	6.108	140.39%
MCB Dynamic Cash Fund	Income	1-Mar-07	MCB Asset Management	250	3.271	11.526	252.37%
Meezan Islamic Income Fund	Income	15-Jan-07	Al Meezan Investments	250	1.000	6.800	580.00%
IGI Income Fund	Income	16-Apr-07	IGI Funds Ltd	250	1.125	3.000	167.02%
Faysal Saving Growth Fund	Income	14-May-07	Faysal Asset Management	250	1.080	3.540	227.78%
First Habib Income Funds	Income	30-May-07	Habib Asset Management	262	1.046	2.630	151.43%
Alfalah GHP Income Multiplier Fund	Income	15-Jun-07	Alfalah GHP Investment Management	250	1.715	3.802	121.69%
BMA Chundrigar Road Saving Fund	Income	23-Aug-07	BMA Asset Management Company	250	0.786	2.400	205.34%
NAFA Islamic Income Fund	Income	29-Oct-07	National Fullerton Asset Management	250	1.030	0.910	-11.55%
Pak Oman BOP Adv Fund	Income	23-Oct-07	Pak Oman Asset Management	250	2.700	2.430	-9.85%
Alfalah GHP Islamic Fund	Islamic Equity	15-Jun-07	Alfalah GHP Investment Management	250	0.390	0.346	-11.28%
Atlas Islamic Fund	Islamic Equity	15-Jan-07	Atlas Asset Management	258.6	0.378	0.734	94.18%
Askari Asset Allocation Fund	Asset Allocation	10-Sep-07	Askari Investment Management	250	0.250	0.700	180.00%
Dawood Islamic Fund	Islamic Equity	14-Jul-07	Dawood Capital Management	250	0.279	0.350	25.45%
HBL Stock Fund	Equity	1-Sep-07	HBL Asset Management	250	0.670	1.824	172.24%
HBL Multi Asset Fund	Equity	18-Dec-07	HBL Asset Management	250	0.642	0.643	0.16%
KASB Stock Fund	Equity	22-Mar-07	KASB Funds	260	0.260	0.404	55.38%
KASB Balanced Fund	Equity	31-Dec-07	KASB Funds	375	-	0.973	N/P
MCB Dynamic Stock Fund	Equity	1-Mar-07	MCB Asset Management	250	0.480	0.978	103.69%
NAFA Multi Asset Fund	Balanced	22-Jan-07	National Fullerton Asset Management	250	0.806	1.572	95.04%
NAFA Stock Fund	Equity	22-Jan-07	National Fullerton Asset Management	250	0.825	1.840	123.03%
NAFA Islamic Multi Asset Fund	Balanced	29-Oct-07	National Fullerton Asset Management	250	0.870	1.840	111.49%
UTP-CPF I	Hybrid	21-Feb-07	JS Investment	100	0.184	1.119	507.16%
UTP-CPF II	Hybrid	18-Jun-07	JS Investment	100	0.249	1.566	529.42%
UTP-CPF III	Hybrid	28-Sep-07	JS Investment	100	0.228	1.387	509.67%
United Islamic Income Fund	Islamic Equity	17-Oct-07	UBL Fund Managers	250	1.143	1.606	40.51%

N/P = Not Possible

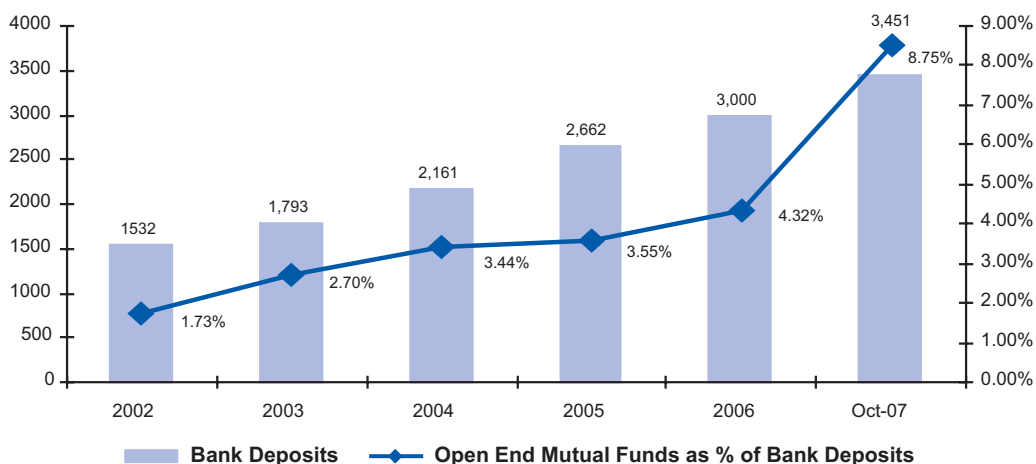
Source: IGI Research &amp; Fund Select

### Open end Mutual Funds V/S the Banking Sector

Since CY2002, cumulative deposits of the domestic banking sector have increased at a CAGR of 17.64%. The ratio of Open end mutual funds to banking sector deposits was 1.73% in CY2002 which is presently hovering around 8.75%. In terms of cumulative fund size, Pakistan's mutual fund industry is far behind than its Indian counterpart, nevertheless, considering open end mutual funds to banking sector deposits ratio, the domestic mutual fund industry is rapidly catching up with the Indian mutual fund industry. As on March 31, 2007, cumulative size of the Indian open end mutual funds stood at US\$55bn (more than 11 times that of Pakistan's open end mutual funds) which is 10% of the country's total banking sector deposits. Moreover in India, the cumulative size of closed end mutual fund size stood at US\$28bn which is 50% of the open end mutual fund and 5% of the total banking sector deposits. Thus, the total mutual fund size hovers around 15% of the bank deposits. In Pakistan, the cumulative size of open and closed end mutual funds hovers around US\$5.6bn (PRs348bn) which is 10% of the local banking sector deposits.

Chart 19: Open End Mutual Funds V/S Bank Deposits

(PRsbn)



Source: SBP, IGI Research &amp; Fund Select

**Table 9: Indian Mutual Fund Industry: Assets Under Management as on March31, 2007 (IRs Crores)**

Nature	Structure		Total
	Open End	Close End	
Balanced	7,409	1,701	9,110
ELSS	8,398	1,813	10,211
Gilt	2,257	-	2,257
GOLD ETF	96	-	96
Growth	96,357	17,029	113,386
Income	30,894	88,428	119,322
Liquid/Money Market	72,006	-	72,006
<b>Total</b>	<b>217,417</b>	<b>108,971</b>	<b>326,388</b>
Total in US\$ Crores	5,534	2,774	8,307
Total in US\$ billion	55	28	83
Total Bank Deposits in IRs Crores			21,645
Total Bank Deposits in US\$ bn			550.90
As a % of Bank Deposits	10.04%	5.03%	15.08%

Source: [www.mutualfundsindia.com](http://www.mutualfundsindia.com)

### Spotlight on Closed End Mutual Funds

Unlike open end mutual funds, closed end mutual funds sector of Pakistan is still struggling and the cumulative size of the domestic closed end mutual funds is only US\$760mm which is 15.2% of the open end mutual funds and 1.35% of total banking sector deposits. During CY2007, only two closed end funds were launched, taking the total number of closed end mutual funds to 22.

Despite the fact that in CY2007 the sector (closed end mutual fund) did not witness any major growth story, a significant development took place on November 21, 2007, when the Securities and Exchange Commission of Pakistan (SECP) issued revised NBFC rules. In the recently issued NBFC rules, the SECP has introduced the following regulations regarding conversion or cancellation or winding up of closed end funds:

(1) An asset management company managing a closed-end fund shall, upon expiry of five years from the date of launch of the fund, hold a meeting of the certificate holders, in case of a closed-end scheme, or shareholders, in case of an investment company to seek approval of the certificate holders or shareholders, as the case may be, to continue as a closed-end fund or convert into an open-end scheme or cancel the closed-end scheme or wind up the investment company, subject to applicable provisions of the Rules, these regulations and the Ordinance. Provided that this regulation shall not apply to funds having five years or less than five years maturity period.

(2) The meeting of certificate holders or shareholders, as the case may be, shall decide on continuation or conversion or cancellation or winding up of the closed end fund by passing a special resolution of certificate holders or shareholders in a meeting and in case of continuation of the closed-end fund, the resolution among other things shall provide that those who are not in favour of continuation as closed-end fund shall be entitled to sell their holding to the fund at a discount not exceeding three per cent of prevailing NAV within thirty days of the resolution.

(3) Not later than fifteen days from the date of meeting of the certificates holders or shareholders, as the case may be, the closed-end fund shall make an application to the Commission for conversion or cancellation or winding up, as the case may be, accompanied with a copy of the special resolution: Provided that in case of continuation as a closed-end fund a copy of the resolution shall be provided to the Commission within fifteen days from the date of the meeting.

(4) The Commission after ensuring the completion of formalities by the concerned NBFC and closed-end fund, as prescribed in the Rules, these regulations and the Ordinance or the conditions as specified by the Commission, shall allow the conversion or cancellation or winding up of the fund, as the case may be. (Source: Notification Nov 21, 2007 NBFC 2 by SECP)

In the following table it can be seen glaringly that most closed end funds are trading at hefty discounts which are not quite justified. In our view, discounts around 10% are justified because of the intrinsic discounts on the contract value which is mainly due to the fact that Asset Management Companies (AMCs) charge management fee in the range of 1-3% per annum in perpetuity. Moreover, there is a dilemma that if a closed end fund manager goes for offloading the entire portfolio at a given point in time, then it would exert downward pressure on stocks mainly due to sudden oversupply. In such a circumstance it would not be possible for the fund manager to get the best possible price.

At prevailing levels, closed end mutual funds offer attractive dividend yields and in our view, the aforementioned regulation by the SECP will have a positive impact on closed end mutual funds, particularly on funds being in existence for more than five years as discounts on these funds are likely to reduce gradually in the near future.

Table 10: Closed End Mutual Funds: A Snapshot

Name of Funds	Category	Market Rates in PRs	NAVs in PRs	Discounts	Validity (Dates)	Cash Payouts FY06-07	Year of listing
Asian Stocks Fund	Equity	6.50	10.52	38.21%	4/1/2008	5%	1994
Safeway Mutual Fund	Equity	10.50	19.71	46.73%	4/1/2008	20%	1995
First Dawood M. Fund	Equity	8.05	13.98	42.42%	9/1/2008	10%	2005
Al Meezan M. Fund	Equity	12.95	14.89	13.03%	10/1/2008	25%	1996
Atlas Fund of Funds	Equity	8.75	11.19	21.81%	10/1/2008	16%	2005
Golden Arrow Selected Stocks Fund	Equity	6.80	9.32	27.04%	10/1/2008	15%	1983
Meezan Balanced Fund	Islamic Balanced	9.00	12.26	26.59%	10/1/2008	16%	2005
NAMCO Balanced Fund	Balanced	7.50	10.69	29.84%	10/1/2008	10%	2006
Pak Oman Advantage Fund	Income	7.50	10.69	29.84%	10/1/2008	2%	2007
Pakistan S.A. Fund	Asset Allocation	9.85	11.35	13.22%	10/1/2008	25%	2004
PICIC Energy Fund	Equity	7.95	11.71	32.11%	10/1/2008	8%	2006
PICIC Growth Fund	Equity	28.60	44.96	36.39%	10/1/2008	63%	1980
PICIC Investment Fund	Equity	13.60	20.23	32.77%	10/1/2008	38%	2004
UTP Growth Fund	Equity	12.75	18.5	31.08%	10/1/2008	33%	2006
UTP- Large Cap Fund	Equity	8.65	12.55	31.08%	10/1/2008	20%	2004
WE Balanced Fund	Balanced Fund	9.15	10.66	14.17%	10/1/2008	11%	2006

Source: IGI Research

## Relative Ranking

Open End Income/Money Market Funds								
Income/Money Market Funds		Avg Annualized Monthly Return July-Dec FY07-08	Income/Money Market Funds		Standard Deviation	Income/Money Market Funds		Sharpe Ratio
1	AMZ Plus Income Fund	10.47%	1	IGI Income Fund	0.26%	1	KASB Liquid Fund	1.0771
2	AKD Income Fund	9.99%	2	United Money Market Fund	0.30%	2	Askari Income Fund	0.8392
3	Faysal Saving Growth Fund	9.81%	3	Alfalah GHP Income Multiplier Fund	0.30%	3	AMZ Plus Income Fund	0.6272
4	Askari Income Fund	9.67%	4	KASB Liquid Fund	0.32%	4	IGI Income Fund	0.2580
5	KASB Liquid Fund	9.52%	5	NAFA Cash Fund	0.33%	5	First Habib Income Funds	0.2561
6	IGI Income Fund	9.42%	6	Atlas Income Fund	0.35%	6	AKD Income Fund	0.2265
7	NAFA Cash Fund	9.40%	7	HBL Income Fund	0.52%	7	Dawood Money Market Fund	0.1941
8	Alfalah GHP Income Multiplier Fund	9.32%	8	MCB Dynamic Cash Fund	0.52%	8	MCB Dynamic Cash Fund	0.1446
9	Dawood Money Market Fund	9.29%	9	UTP Income Fund	0.57%	9	Faysal Saving Growth Fund	0.1408
10	MCB Dynamic Cash Fund	9.16%	10	Askari Income Fund	0.60%	10	UTP Income Fund	0.0407
11	UTP Income Fund	9.05%	11	Dawood Money Market Fund	0.60%	11	Pakistan Income Fund	(0.1379)
12	Pakistan Income Fund	8.99%	12	Reliance Income Fund	0.65%	12	HBL Income Fund	(0.3007)
13	Atlas Income Fund	8.96%	13	United Growth & Income Fund	0.74%	13	Meezan Islamic Income Fund	(0.4185)
14	First Habib Income Funds	8.96%	14	Pakistan Income Fund	0.83%	14	Reliance Income Fund	(0.4323)
15	Reliance Income Fund	8.96%	15	First Habib Income Funds	0.89%	15	Alfalah GHP Income Multiplier Fund	(0.4400)
16	United Growth & Income Fund	8.88%	16	Faysal Saving Growth Fund	0.99%	16	United Growth & Income Fund	(0.4740)
17	United Money Market Fund	8.78%	17	Meezan Islamic Income Fund	1.06%	17	Atlas Income Fund	(0.5563)
18	Meezan Islamic Income Fund	8.78%	18	AMZ Plus Income Fund	1.96%	18	NAFA Cash Fund	(0.5722)
19	HBL Income Fund	8.71%	19	AKD Income Fund	3.28%	19	United Money Market Fund	(0.6071)
Asset Allocation and Balanced Funds		Avg Monthly Return July-Dec FY07-08	Asset Allocation and Balanced Funds		Standard Deviation	Asset Allocation and Balanced Funds		Sharpe Ratio
1	NAFA Multi Asset Fund	2.14%	1	Alfalah GHP Value Fund	3.54%	1	NAFA Multi Asset Fund	0.2935
2	Faysal Balanced Growth Fund	0.86%	2	Faysal Balanced Growth Fund	4.03%	2	Faysal Balanced Growth Fund	0.0232
3	Pakistan Capital Market Fund	0.67%	3	UTP (Balanced Fund)	4.35%	3	Pakistan Capital Market Fund	(0.0134)
4	Alfalah GHP Value Fund	0.16%	4	NAFA Multi Asset Fund	4.67%	4	Alfalah GHP Value Fund	(0.1732)
5	UTP (Balanced Fund)	-0.25%	5	UTP Aggr Asset Alloc Fund	5.26%	5	UTP (Balanced Fund)	(0.2336)
6	UTP Aggr Asset Alloc Fund	-2.17%	6	Pakistan Capital Market Fund	7.21%	6	UTP Aggr Asset Alloc Fund	(0.5597)
Sector Specific and Hybrid Funds		Avg Monthly Return July-Dec FY07-08	Sector Specific and Hybrid Funds		Standard Deviation	Sector Specific and Hybrid Funds		Sharpe Ratio
1	Faysal Income & Growth Fund	0.91%	1	Faysal Income & Growth Fund	0.16%	1	Faysal Income & Growth Fund	0.8599
2	UTP Capital Protected Fund-I	0.71%	2	UTP Capital Protected Fund-I	0.86%	2	UTP Capital Protected Fund-I	(0.0737)
3	UTP Fund of Funds	-0.22%	3	UTP Fund of Funds	3.92%	3	UTP Fund of Funds	(0.2524)
Islamic Funds		Avg Monthly Return July-Dec FY07-08	Islamic Funds		Standard Deviation	Islamic Funds		Sharpe Ratio
1	Meezan Islamic Fund	1.09%	1	United Composite Islamic Fund	4.64%	1	Meezan Islamic Fund	0.0432
2	Pakistan Int'l Islamic Fund - A	0.93%	2	Atlas Islamic Fund	5.57%	2	Pakistan Int'l Islamic Fund - A	0.0226
3	United Composite Islamic Fund	0.56%	3	Pakistan Int'l Islamic Fund - A	7.08%	3	United Composite Islamic Fund	(0.0447)
4	Atlas Islamic Fund	0.49%	4	UTP Islamic Fund	7.09%	4	UTP Islamic Fund	(0.1549)
5	UTP Islamic Fund	-0.33%	5	Meezan Islamic Fund	7.36%	5	Atlas Islamic Fund	(0.0508)
Equity Funds		Avg Monthly Return July-Dec FY07-08	Equity Funds		Standard Deviation	Equity Funds		Sharpe Ratio
1	Crosby Dragon Fund	9.83%	1	KASB Stock Fund	5.43%	1	Crosby Dragon Fund	0.8100
2	NAFA Stock Fund	2.61%	2	United Stock Advantage Fund	6.08%	2	NAFA Stock Fund	0.2234
3	KASB Stock Fund	1.50%	3	Atlas Stock Market Fund	6.29%	3	KASB Stock Fund	0.1339
4	AKD Opportunity Fund	0.97%	4	MCB Dynamic Stock Fund	7.02%	4	AKD Opportunity Fund	0.0271
5	Pakistan Stock Market Fund	0.93%	5	AMZ Plus Stock Market Fund	7.24%	5	Pakistan Stock Market Fund	0.0208
6	AMZ Plus Stock Market Fund	0.63%	6	AKD Opportunity Fund	7.26%	6	AMZ Plus Stock Market Fund	(0.0199)
7	United Stock Advantage Fund	0.53%	7	National Investment Trust	7.28%	7	United Stock Advantage Fund	(0.0395)
8	Atlas Stock Market Fund	0.34%	8	Pakistan Stock Market Fund	7.61%	8	Atlas Stock Market Fund	(0.0684)
9	MCB Dynamic Stock Fund	0.14%	9	UTP A30+ Fund	7.72%	9	MCB Dynamic Stock Fund	(0.0903)
10	UTP A30+ Fund	-0.36%	10	NAFA Stock Fund	8.25%	10	UTP A30+ Fund	(0.1462)
11	National Investment Trust	-0.49%	11	Crosby Dragon Fund	11.18%	11	National Investment Trust	(0.1733)

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

Standard Deviation and Sharpe Ratio are calculated on monthly returns during July-December 2007.

6 months T-Bill rates have been used as a risk rate for calculating Sharpe Ratio.

## Performance Profile

## Month on Month Returns Jan-Dec 2007

Equity Funds	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AKD Opportunity Fund	8.60%	0.19%	-0.19%	9.37%	5.30%	5.20%	1.65%	-10.14%	9.77%	7.87%	-1.00%	-2.35%
AMZ Plus Stock Market Fund	8.30%	0.56%	1.07%	9.18%	4.05%	2.38%	0.61%	-10.73%	9.39%	7.47%	-1.00%	-1.98%
Atlas Stock Market Fund	8.87%	-0.21%	0.08%	8.04%	3.83%	3.36%	-0.72%	-8.60%	8.11%	7.06%	-1.20%	-2.61%
Crosby Dragon Fund	6.00%	5.60%	0.10%	8.60%	16.60%	19.50%	22.80%	-10.50%	14.87%	13.51%	10.50%	7.78%
KASB Stock Fund	N/L	N/L	-	9.05%	4.74%	4.54%	-1.40%	-1.40%	8.45%	8.36%	-3.70%	-1.33%
MCB Dynamic Stock Fund	N/L	-	0.70%	13.00%	5.60%	9.80%	-1.80%	-9.20%	10.17%	6.56%	-2.40%	-2.51%
National Investment Trust	8.12%	-1.51%	2.02%	10.63%	8.55%	5.08%	-8.62%	-9.03%	7.27%	7.59%	-0.50%	0.34%
NAFA Stock Fund	-	-1.04%	1.47%	14.06%	8.04%	14.84%	6.79%	-10.21%	9.90%	11.38%	-0.50%	-1.69%
Pakistan Stock Market Fund	6.44%	0.24%	1.99%	7.81%	5.37%	7.15%	0.75%	-9.22%	11.16%	8.22%	-1.50%	-3.84%
United Stock Advantage Fund	9.32%	0.25%	1.86%	10.72%	4.12%	5.73%	-0.84%	-7.73%	8.17%	7.14%	-0.80%	-2.76%
UTP A30+ Fund	14.44%	-1.33%	0.40%	10.47%	5.36%	5.74%	-4.16%	-11.36%	10.13%	6.32%	-3.10%	0.02%
HBL Stock Fund	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	4.96%	-2.20%	-2.43%
<b>Islamic Funds</b>												
Meezan Islamic Fund	6.75%	-0.73%	0.38%	8.24%	4.87%	5.71%	1.54%	-8.65%	10.68%	8.38%	-1.80%	-3.62%
Pakistan Int'l Islamic Fund - A	4.59%	0.64%	0.30%	5.91%	4.17%	5.59%	2.63%	-7.13%	9.27%	8.75%	-2.50%	-5.44%
United Composite Islamic Fund	4.79%	-7.07%	-0.28%	4.78%	1.79%	2.98%	1.40%	-6.40%	5.95%	5.21%	-1.50%	-1.28%
UTP Islamic Fund	8.77%	-0.29%	-1.09%	7.25%	5.14%	3.51%	1.45%	-12.99%	6.36%	5.60%	0.60%	-2.99%
Atlas Islamic Fund	-	0.86%	0.07%	1.02%	0.98%	0.66%	1.10%	-8.30%	6.46%	6.38%	-1.90%	-0.82%
NAFA Islamic Multi Asset Fund	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	-0.40%	-2.15%
<b>Asset Allocation and Balanced Funds</b>												
Alfalah GHP Value Fund	5.83%	0.24%	0.53%	4.12%	2.92%	5.42%	-1.82%	-3.14%	4.92%	4.40%	-1.50%	-1.92%
Faysal Balanced Growth Fund	8.69%	1.47%	-0.24%	4.98%	1.36%	3.11%	1.14%	-5.68%	4.70%	5.29%	-1.10%	0.83%
NAFA Multi Asset Fund	-	0.79%	1.31%	9.39%	5.11%	7.91%	5.32%	-5.05%	5.95%	6.84%	0.50%	-0.71%
UTP (Balanced Fund)	6.99%	0.53%	-0.67%	7.29%	3.76%	7.03%	-1.87%	-7.59%	5.21%	2.43%	-0.40%	0.75%
Pakistan Capital Market Fund	5.33%	0.58%	2.39%	7.17%	3.83%	5.57%	1.21%	-8.01%	9.73%	8.28%	-1.60%	-5.57%
UTP Aggr Asset Alloc Fund	6.65%	1.75%	-0.02%	7.14%	3.21%	6.84%	-3.46%	-11.86%	2.88%	0.63%	-2.10%	0.88%
Askari Asset Allocation fund	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	0.05%	-1.50%	-0.96%
<b>Sector Specific and Hybrid Funds</b>												
UTP Fund of Funds	6.52%	0.85%	-0.77%	6.51%	2.26%	2.07%	-5.80%	-4.07%	4.27%	2.58%	1.37%	0.34%
Faysal Income & Growth Fund	1.14%	1.01%	0.94%	1.03%	0.85%	0.90%	0.88%	0.63%	1.08%	1.03%	0.84%	1.00%
UTP Capital Protected Fund-I	N/L	-	-4.16%	1.77%	0.96%	0.80%	1.07%	-0.92%	1.04%	1.56%	0.94%	0.55%
UTP Capital Protected Fund-II	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	0.26%	2.88%
UTP Capital Protected Fund-III	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	0.94%	0.60%

## Annualized Month Returns Jan-Dec 2007

Open End Income/Money Market Fund	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return	Ann. Return
AMZ Plus Income Fund	10.48%	12.12%	12.06%	9.35%	9.78%	10.55%	11.80%	13.71%	10.04%	9.90%	8.42%	8.96%
Askari Income Fund	10.52%	11.18%	10.67%	9.02%	9.07%	9.99%	10.17%	10.09%	10.20%	9.72%	9.00%	8.87%
Atlas Income Fund	8.22%	8.54%	8.41%	7.74%	8.94%	19.21%	8.57%	8.53%	9.35%	9.28%	9.07%	8.98%
Dawood Money Market Fund	11.05%	11.37%	10.22%	10.26%	11.09%	12.56%	9.52%	9.65%	8.81%	8.49%	10.15%	9.13%
KASB Liquid Fund	10.61%	11.28%	10.98%	10.88%	9.80%	10.94%	9.39%	10.01%	9.75%	9.27%	9.15%	9.58%
NAFA Cash Fund	10.64%	11.04%	10.00%	10.10%	9.28%	9.98%	9.88%	9.53%	9.30%	9.56%	8.98%	9.13%
Pakistan Income Fund	10.49%	10.78%	11.19%	9.66%	9.14%	10.40%	8.91%	10.47%	8.63%	8.70%	7.99%	9.26%
United Growth & Income Fund	10.97%	9.78%	9.59%	10.58%	9.92%	9.58%	9.77%	9.69%	7.88%	8.90%	8.34%	8.69%
United Money Market Fund	10.25%	9.77%	9.02%	9.35%	8.69%	10.76%	8.98%	9.13%	8.57%	8.87%	8.31%	8.85%
UTP Income Fund	11.21%	10.58%	8.50%	10.72%	8.33%	9.80%	9.52%	9.26%	9.21%	9.62%	8.53%	8.18%
Reliance Income Fund	10.64%	9.81%	9.12%	9.04%	9.06%	9.85%	9.02%	7.88%	9.08%	9.91%	8.98%	8.86%
Meezan Islamic Income Fund	N/L	10.92%	9.94%	9.64%	10.08%	9.06%	10.59%	7.46%	8.27%	9.22%	8.51%	8.63%
MCB Dynamic Cash Fund	N/L	N/L	9.83%	10.50%	9.54%	9.43%	9.76%	9.77%	9.01%	8.90%	8.43%	9.08%
HBL Income Fund	N/L	N/L	N/L	N/L	8.41%	9.67%	9.53%	8.75%	8.05%	9.03%	8.50%	8.39%
AKD Income Fund	N/L	N/L	N/L	N/L	12.00%	8.72%	11.32%	14.37%	4.29%	9.93%	9.56%	10.45%
IGI Income Fund	N/L	N/L	N/L	N/L	9.20%	9.61%	9.36%	9.92%	9.29%	9.27%	9.22%	9.49%
Faysal Saving Growth Fund	N/L	N/L	N/L	N/L	N/L	10.65%	11.29%	10.25%	10.10%	9.62%	9.28%	8.34%
First Habib Income Funds	N/L	N/L	N/L	N/L	N/L	9.17%	8.70%	10.50%	9.35%	8.49%	7.89%	8.83%
Alfalah GHP Income Multiplier Fund	N/L	N/L	N/L	N/L	N/L	9.20%	9.20%	9.17%	9.26%	9.32%	9.08%	9.91%
BMA Chundrigar Road Saving Fund	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	9.10%	7.47%	8.92%
NAFA Islamic Income Fund	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	N/L	-	6.87%	7.64%

N/L = Not Launched

Source: IGI Research &amp; Fund Select

## Dividend Display

S #	Mutual Fund	Inception Date	2002-03	2003-04	2004-05	2005-06	2006-07	Dividend Detail 2006-07 (PRs Per Unit)
<b>Equity Funds</b>								
1	Atlas Stock Market Fund	22-Nov-04	-	-	12.50%	25.00%	20.00%	100.00
2	Crosby Dragon Fund	24-Dec-03	-	2%	10.5%	15.00%	38.00%	38.00
3	National Investment Trust	12-Nov-62	17.50%	25.50%	33.00%	58.00%	62.00%	6.20
4	Pakistan Stock Market Fund	12-Mar-02	40.00%	60.00%	70.00%	60.00%	50.00%	25.00
5	AMZ Plus Stock Fund	24-Jul-06	-	-	-	-	19.00%	13.00 Cash + 6 bonus units per 100 units
6	AKD Opportunity Fund	1-Mar-06	-	-	-	0.00%	10.00%	5.00
7	KASB Stock Fund	22-Mar-07	-	-	-	-	9.74%	4.87
8	MCB Dynamic Stock Fund	1-Mar-07	-	-	-	-	25.00%	20.00 Cash + 5.00 Bonus = 25.00
9	United Stock Advantage Fund	4-Aug-06	-	-	-	-	22.30%	22.30
10	UTP-A30+ Fund	29-May-06	-	-	-	0.50%	25.00%	7.50 Interim + 5.00 Final = 12.50
11	NAFA Stock Fund	22-Jan-07	-	-	-	-	22.60%	2.26
<b>Islamic Funds</b>								
1	Meezan Islamic Fund	8-Aug-03	-	15.00%	35.00%	35.00%	31.20%	15.60
2	UTP Islamic Fund	27-Dec-02	8.00%	17.00%	10.00%	37.50%	29.73%	148.63
3	Pakistan Int'l Islamic Elmnt. Fund	2-May-06	-	-	-	-	17.50%	8.75
4	Atlas Islamic Fund	15-Jan-07	-	-	-	-	3.00%	15.00
5	United Composite Islamic Fund	24-Dec-06	-	-	-	-	10.35%	10.35
<b>Hybrid Funds</b>								
1	Faysal Income & Growth Fund	10-Oct-05	-	-	-	5.50%	12.75%	12.75
2	UTP-Capital Protected Fund	21-Feb-07	-	-	-	-	4.50%	4.50
3	UTP-Capital Protected Fund II	18-Jun-07	-	-	-	-	0.20%	0.20
<b>Funds of Funds</b>								
1	UTP - Fund of funds	31-Oct-05	-	-	-	8.00%	15.10%	7.55
<b>Asset Allocation</b>								
1	Pakistan Capital Market Fund	31-Jan-04	-	8.25%	30.00%	30.00%	30.00%	3.00
2	UTP Aggr Asset Alloc Fund	28-Jun-05	-	-	-	65.00%	26.72%	13.36
3	Alfalah GHP Value Fund	28-Oct-05	-	-	-	1.00%	10.44%	5.22 Interim
<b>Balanced Funds</b>								
1	Faysal Balanced Growth Fund	17-May-04	-	-	12.50%	26.00%	18.00%	18.00
2	UTP (Balanced Fund)	27-Oct-97	25.00%	30.00%	20.00%	40.00%	40.21%	2,010.70
3	NAFA Multi Asset Fund	22-Jan-07	-	-	-	-	16.40%	1.64
<b>Money Market Funds</b>								
1	Dawood Money Market Fund	11-May-03	1.10%	7.00%	9.70%	11.50%	10.91%	10.91 bonus units per 100 units
2	United Money Market Fund	7-Aug-02	10.00%	4.85%	4.08%	10.00%	10.10%	10.10
3	KASB Liquid Fund	9-May-06	-	-	-	1.40%	10.72%	10.72
4	NAFA Cash Fund	21-Apr-06	-	-	-	1.90%	10.50%	1.05
<b>Income Funds</b>								
1	Atlas Income Fund	22-Mar-04	-	-	9.75%	11.50%	10.00%	50.00
2	AMZ Plus Income Fund	25-Feb-06	-	-	-	4.14%	11.60%	11.6 bonus units per 100 units
3	Askari Income Fund	16-Mar-06	-	-	-	4.49%	11.06%	11.06
4	Pakistan Income Fund	12-Mar-02	12.00%	9.00%	9.60%	10.00%	10.50%	5.25
5	United Growth & Income Fund	3-Mar-06	-	-	-	9.25%	11.40%	11.40
6	UTP Income Fund	26-Aug-02	9.50%	6.20%	10.25%	12.10%	10.66%	53.30
7	Meezan Islamic Income Fund	15-Jan-07	-	-	-	-	4.40%	2.20
8	MCB Dynamic Cash Fund	1-Mar-07	-	-	-	-	3.38%	3.38
9	HBL Income Fund	19-Mar-07	-	-	-	-	2.65%	2.65
10	AKD Income Fund	1-Mar-07	-	-	-	-	3.19%	1.59
11	IGI Income Fund	16-Apr-07	-	-	-	-	1.95%	1.944 bonus units per 100 units
12	Faysal Saving Growth fund	14-May-07	-	-	-	-	1.25%	1.25
13	First Habib Income Fund	30-May-07	-	-	-	-	1.50%	1.5 bonus units per 100 units

Source: IGI Fund Select

## Rating Guide

Open End Mutual Fund	Inception dates	Bench Mark	AMC Rating		Fund Rating
AKD Income Fund	Mar-07	6 M KIBOR	AM3+	JCR-VIS	Not rated as yet
AMZ Plus Income Fund	25-Feb-06	1 M KIBOR	AM3+	JCR-VIS	A(F) JCR-VIS
Askari Income Fund	16-Mar-06	3 M KIBOR	AM3	PACRA & JCR-VIS	A(F) JCR-VIS & 5 Star PACRA
Atlas Income Fund	22-Mar-04	3 M KIBOR	AM3+	PACRA	5 Star PACRA
Dawood Money Market Fund	18-Apr-03	1 M KIBOR	AM3	PACRA	5 Star PACRA
Faysal Income & Growth Fund	10-Oct-05	6 M KIBOR	AM3	JCR-VIS	A+ JCR-VIS
HBL Income Fund	19-Mar-07	1 M KIBOR			Not rated as yet
KASB Liquid Fund	9-May-06	1 M KIBOR	AM3+	PACRA	Not rated as yet
MCB Dynamic Cash Fund	1-Mar-07	1 M KIBOR	AM3	PACRA	Not rated as yet
Meezan Islamic Income Fund	15-Jan-07		AM2	PACRA	Not rated as yet
NAFA Cash Fund	22-Apr-06	3 M T BILLS	AM2	JCR-VIS	A(F) JCR-VIS
Pakistan Income Fund	11-Mar-02	6 M KIBOR	AM2	PACRA	4 Star PACRA
Reliance Income Fund	19-Oct-06	6 M KIBOR			Not rated as yet
United Growth & Income Fund	2-Mar-06	1 & 3 Yr. KIBOR	AM2-	JCR-VIS	A JCR-VIS
United Money Market Fund	5-Nov-02	1 M KIBOR	AM2-	JCR-VIS	A+ JCR-VIS
JS Income Fund	26-Aug-02	1 M KIBOR	AM2+	PACRA	5 Star PACRA
IGI Income Fund	16-Apr-07	1 M KIBOR	AM3-	PACRA	Not rated as yet
Faysal Savings Growth Fund	14-May-07	1 M KIBOR	AM3	JCR-VIS	Not rated as yet
First Habib Income Funds	30-May-07	1 M KIBOR	AM3-	PACRA	Not rated as yet
Alfalah GHP Income Multiplier Fund	15-Jun-07	1 M KIBOR	AM3	PACRA	Not rated as yet
BMA Chundrigar Road Saving Fund	23-Aug-07	1 M KIBOR			Not rated as yet
NAFA Islamic Income Fund	29-Oct-07	Avg. 1 M Deposit Rate of 4 Islamic Bank	AM2	JCR-VIS	Not rated as yet
POBOP Advantage Plus Fund	25-Oct-07	3 M KIBOR			Not rated as yet
AMZ Plus Stock Fund	24-Jul-06	KSE 100	AM3+	JCR-VIS	Not rated as yet
AKD Opportunity Fund	Mar-06	KSE 100	AM3+	JCR-VIS	Not rated as yet
AKD Index Tracker Fund	Oct-05	KSE 100			
Alfalah GHP Value Fund	28-Oct-05	KSE 100	AM3	PACRA	5 Star PACRA
Alfalah GHP Islamic Fund	3-Sep-07		AM3	PACRA	Not rated as yet
Atlas Islamic Fund	15-Jan-07	KSE 100	AM3+	PACRA	Not rated as yet
Atlas Stock Market Fund	23-Nov-04	KSE 100	AM3+	PACRA	5 Star PACRA
Askari Asset Allocation Fund	10-Sep-07	KSE 100	AM3	PACRA & JCR-VIS	Not rated as yet
Crosby Dragon Fund	Dec-03	KSE 100	AM4-	JCR-VIS	
Dawood Islamic Fund	14-Jul-07	KSE 100	AM3	PACRA	Not rated as yet
Faysal Balanced Growth Fund	14-Apr-04	KSE 100	AM3	JCR-VIS	3 Star JCR-VIS
HBL Stock Fund	1-Sep-07	KSE 100			Not rated as yet
KASB Stock Fund	22-Mar-07	KSE 100	AM3+	PACRA	Not rated as yet
MCB Dynamic Stock Fund	1-Mar-07	KSE 30	AM3	PACRA	Not rated as yet
Meezan Islamic Fund	8-Aug-03	KSE 100	AM2	PACRA	5 Star PACRA
NAFA Multi Asset Fund	22-Jan-07	50% KSE & 50% 1 M KIBOR	AM2	JCR-VIS	Not rated as yet
NAFA Stock Fund	22-Jan-07	KSE 30	AM2	JCR-VIS	Not rated as yet
NAFA Islamic Multi Asset Fund	29-Oct-07	50% Dow Jones Islamic Pakistan Index & 50% Avg. 1 M Deposit rate of 4 Islamic Bank	AM2	JCR-VIS	Not rated as yet
National Investment Trust	12-Nov-62		AM2-	PACRA	3 Star PACRA
Pakistan Capital Market Fund	24-Jan-04	KSE 100	AM2	PACRA	Not rated as yet
Pakistan Int'l Islamic Fund	2-May-06	KSE 100	AM2	PACRA	5 Star PACRA
Pakistan Stock Market Fund	11-Mar-02	KSE 100	AM2	PACRA	Not rated as yet
United Composite Islamic Fund	24-Dec-06	KSE 100	AM2-	JCR-VIS	Not rated as yet
United Stock Adv. Fund	4-Aug-06	KSE 100	AM2-	JCR-VIS	Not rated as yet
UTP - A30+ Fund	29-May-06	A 30 index	AM2+	PACRA	Not rated as yet
UTP - Fund of Funds	31-Oct-05	Composite BM of Top 10 open end funds with equal weightage	AM2+	PACRA	5 Star PACRA
UTP (Balanced Fund)	27-Oct-97	30% 6 M KIBOR % 70% KSE 30	AM2+	PACRA	5 Star PACRA
UTP Aggr Asset Alloc Fund	28-Jun-05	Higher of KSE 30 or 6 M KIBOR	AM2+	PACRA	Not rated as yet
UTP Islamic Fund	27-Dec-02	Dow Jones Islamic Market Index	AM2+	PACRA	Not rated as yet
UTP-CPF I	21-Feb-07	Higher of KSE 30 or 6 M KIBOR	AM2+	PACRA	Not rated as yet
UTP-CPF II	18-Jun-07	Higher of KSE 30 or 6 M KIBOR	AM2+	PACRA	Not rated as yet
UTP-CPF III	28-Sep-07	Higher of KSE 30 or 6 M KIBOR	AM2+	PACRA	Not rated as yet

Source: IGI Fund Select

## Sector Snapshot

Open End Mutual Fund	Fund Sizes as at 30 Nov, 07 (PRsbn)	Fund Sizes as at 31 Dec, 07 (PRsbn)	MoM % Growth in Fund Size	Front-end Load	Back-end Load	Mgt Fee
AKD Income Fund	4.550	4.840	6.37%	1.00%	Nil	1.10%
AMZ Plus Income Fund	6.980	6.050	-13.32%	Nil	Nil	1.25%
Askari Income Fund	13.20	13.20	0.00%	Nil	0.25% <sup>1</sup>	1.50%
Atlas Income Fund	4.96	4.50	-9.27%	2.00%	Nil	1.00%
Dawood Money Market Fund	3.38	3.40	0.59%	1.00%	Nil	1.00%
Faysal Income & Growth Fund	3.00	2.64	-12.00%	1.00%	2% <sup>2</sup>	1.25%
HBL Income Fund	7.24	6.11	-15.61%	Nil	Nil	1.50%
KASB Liquid Fund	9.98	9.50	-4.81%	Nil	Nil <sup>3</sup>	1.30%
MCB Dynamic Cash Fund	12.020	11.530	-4.08%	Nil	Nil	1.50%
Meezan Islamic Income Fund	6.500	6.800	4.62%	0.50%	1% <sup>4</sup>	1.00%
NAFA Cash Fund	22.40	23.07	2.99%	Nil	Nil	1.50%
Pakistan Income Fund	9.48	9.26	-2.32%	1.35%	Nil	1.50%
Reliance Income Fund	1.30	1.25	-3.85%	1.50%	Nil	1.50%
United Growth & Income Fund	18.150	17.620	-2.92%	1.50%	Nil <sup>5</sup>	1.50%
United Money Market Fund	12.960	10.510	-18.90%	Nil	Nil	1.50%
JS Income Fund	12.28	11.24	-8.47%	1.50%	Nil	1.50%
IGI Income Fund	3.45	3.00	-13.04%	Nil	Nil	1.25%
Faysal Savings Growth Fund	3.50	3.54	1.14%	Nil	Nil	1.50%
First Habib Income Funds	2.36	2.63	11.44%	Nil	Nil <sup>6</sup>	1.50%
Alfalah GHP Income Multiplier Fund	4.630	3.800	-17.93%	Nil	Nil	1.25%
BMA Chundrigar Road Saving Fund	2.21	2.40	8.60%	1.00%	Nil	1.50%
NAFA Islamic Income Fund	1.03	0.91	-11.65%	1.00%	Nil	1.50%
POBOP Advantage Plus Fund	2.40	2.43	1.42%	1.00%	Nil	1.50%
<b>Totals</b>	<b>167.96</b>	<b>160.23</b>	<b>-4.60%</b>			
AMZ Plus Stock Fund	0.555	0.521	-6.13%	3.00%	Nil	3.00%
AKD Opportunity Fund	1.450	1.380	-4.83%	3.00%	Nil	3.00%
AKD Index Tracker Fund	-	0.584	-	1.00%	2% <sup>7</sup>	0.75%
Alfalah GHP Value Fund	0.591	0.561	-5.08%	2.50%	Nil	2.50%
Alfalah GHP Islamic Fund	0.383	0.561	46.48%	2.50%	Nil	2.25%
Atlas Islamic Fund	0.551	0.734	33.21%	1.00%	1.5% <sup>8</sup>	3.00%
Atlas Stock Market Fund	1.598	1.600	0.13%	2.00%	Nil	3.00%
Askari Asset Allocation Fund	0.780	0.700	-10.26%	2.50%	Nil	3.00%
Crosby Dragon Fund	1.953	1.856	-4.97%	2.00%	Nil	2.50%
Dawood Islamic Fund	0.349	0.350	0.29%	1.00%	Nil	1.50%
Faysal Balanced Growth Fund	1.130	1.120	-0.88%	2.25%	Nil	2.25%
HBL Stock Fund	2.040	1.824	-10.59%	2.50%	Nil	3.00%
KASB Stock Fund	0.402	0.404	0.55%	2.50%	Nil	3.00%
MCB Dynamic Stock Fund	1.013	0.977	-3.55%	2.50%	Nil	3.00%
Meezan Islamic Fund	4.822	4.600	-4.60%	2.00%	Nil	3.00%
NAFA Multi Asset Fund	1.692	1.572	-7.09%	3.00%	Nil	2.50%
NAFA Stock Fund	1.768	1.840	4.07%	3.00%	Nil	3.00%
NAFA Islamic Multi Asset Fund	0.870	1.840	111.49%	3.00%	Nil	2.50%
National Investment Trust	104.000	99.000	-4.81%	2.50%	1.00%	1.00%
Pakistan Capital Market Fund	1.220	1.143	-6.31%	2.50%	Nil	3.00%
Pakistan Int'l Islamic Fund	1.080	1.046	-3.15%	*	**	***
Pakistan Stock Market Fund	3.870	3.709	-4.16%	2.50%	Nil	2.00%
United Composite Islamic Fund	1.125	1.054	-6.31%	2.50%	Nil	3.00%
United Stock Adv. Fund	2.244	2.189	-2.45%	2.50%	Nil	3.00%
UTP - A30+ Fund	0.416	0.425	2.16%	-	Nil	1.50%
UTP - Fund of Funds	0.173	0.158	-8.67%	3.00%	Nil	1.00%
UTP (Balanced Fund)	4.354	4.660	7.03%	3.00%	Nil	2.00%
UTP Aggr Asset Alloc Fund	0.648	0.647	-0.15%	3.00%	Nil	3.00%
UTP Islamic Fund	0.917	0.878	-4.25%	3.00%	Nil	3.00%
UTP-CPF I	1.113	1.119	0.54%	3.00%	5.00%	1.25%
UTP-CPF II	1.525	1.566	2.69%	2.00%	5.00%	1.50%
UTP-CPF III	1.393	1.386	-0.50%	2.00%	3.00%	1.50%
<b>Totals</b>	<b>146.02</b>	<b>142.00</b>	<b>-2.75%</b>			

Source: IGI Fund Select

**Load**

- 0.25% if redeemed within 2 months
  - 2% if redeemed within a year and 1% if redeem in the 2nd year of investment and 1% if redeem in the 3rd year of investment and after that no load
  - 0.5% if redeemed within 15 days
  - 1% if redeemed within 6 months and after that 0.5% load
  - Back end load charge on Growth fund: yr 1, 3%; yr 2, 2% and from yr 3 onwards 1%
  - 0.5% if redeemed within 15 days
  - Only for seed investors
  - 1.5% if redeemed within a year and 1% if redeem in the 2nd year of investment and .5% if redeem in the 3rd year of investment and after that no load
- \*Type A 2.5% and Type B, C and D None  
\*\*Type A None and B, C, D: 1 yr 3%, yr 2 2% and yr 3 1%  
\*\*\*Type A & B: 3% and Type C & D: 2%

# 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.

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