

Fund Managers' Report

December 2007

Managed by:



Rated AM3+ by PACRA

KASB Balanced Fund

Investment Objective

KASB Balanced Fund seeks to generate regular income together with long term capital appreciation by investing in income bearing securities as well as equities.

Inception Date

December 31, 2007

Type of Fund

Open-end balanced

Benchmark

65% 1 month KIBOR + 35%
KSE 30 Index

Fund Size

PKR 976 million

Current NAV

PKR 50.00

Load Structure

Front-end : 2.0%
Back-end : Nil

Disclaimer

All investments in mutual funds are subject to market risk. Past performance is not necessarily indicative of future results.

KASB Funds has successfully launched its third open-end fund, KASB Balanced Fund (KBF), with a size of Rs976 million. With this launch KASB Funds has added a new investment option to its existing range of a Stock Market Fund and a Money Market Fund.

KASB Balanced Fund is an open-ended balanced fund having a 30% to 40% portfolio in equity and equity related securities while the remaining portion is invested in fixed income instruments/transactions.

KBF is an ideal investment opportunity for conservative investors looking for a stable income while having the ability to take advantage of the growth in capital markets. The fund can help you beat inflation through its partial exposure to the stock market while reducing volatility through its larger and more stable fixed income base. The fund also essentially replicates a capital protected fund structure if the investment is kept in the fund for atleast 3 years.

Being an open end fund, KBF allows investors further investment and full or partial redemption at any point in time.

Investment Strategy

KBF would aim to be invested at an average level of 35% in equities and 65% in fixed income. On the equities side, we would invest in blue chip stocks while also investing in non-index fundamentally sound stocks that offer decent upside to their target prices.

On the fixed income side, the fund aims to be invested in TFCs, CFS, Ready-Future transactions as well as placements, TDRs and COIs with financial institutions at levels dictated by prevailing rates on each of the categories listed above.

Outlook

The equity market is expected to be turbulent due to the prevailing political uncertainty and challenges on the economic front. We would take declines in the market as an opportunity to accumulate. The fixed income market would be dictated by the upcoming monetary policy announcement where we expect monetary tightening to continue as the State Bank walks the tight rope between inflation and growth.

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Distributors

KASB Bank Limited – All Branches

- Karachi
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- Multan
- Sialkot
- Gujranwala
- Gujrat
- Rawalpindi
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- Hyderabad
- Quetta
- Mirpur
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