

April 2007

### Snapshot

Fund Type	Open-ended money market
Inception Date	May 9, 2006
Listing	Karachi Stock Exchange
Fund Size (30-04-07)	PKR 3.54 bln
Current NAV (30-04-07)	PKR 109.18
Front-end Load	Nil
Back-end Load	Nil
Back-end Load (contingent)	0.50% (if redeemed within 15 days of investment)
Yield for the month	<b>10.80%</b> p.a.
Yield since inception	<b>10.85%</b> p.a.
Yield to date	<b>10.88%</b> p.a.

### Fund Objective

The Fund seeks to maximise current income, consistent with low levels of risk and high liquidity.

### Money Market Review:

The market witnessed an unprecedented growth in liquidity in the past couple of months because of higher worker's remittances, higher foreign investments, and government borrowing. On the back of increased reserve money, we have witnessed a rally in the bond market, a decline in inter-bank borrowing rates, and stability in rupee exchange rate.

The two T-Bill auctions of the month saw heavy participation from the market participants as SBP picked up a total of around PKR 96 billion against the target of 45 billion and participation of 135 billion while raising the 6 and 12 month T-bill cutoffs by 44 and 36 bps respectively primarily to suck excess liquidity from the system. On the other hand, PIB auction conducted during the month also witnessed strong participation of around PKR 50 billion against the target and pick up of PKR 15 billion. However, cutoff yields on 5 and 10 yr bonds registered a fall of 05-15 bps and are trading around the same levels in the market.

Activity on the bank deposits and placements remained fairly thin as rates continued to slide across all tenors and 6M KIBOR further slipped down, registering a monthly average of 10.26% p.a.

### CFS Review:

The KSE index recorded a healthy 9.74% increase on MoM basis and closed at 12,369 points. As the market rallied and witnessed activity, the volumes also picked up to register a daily average of 268 million shares. Rates on CFS however slipped down even further as excess liquidity prevailed and averaged at around 11.78%.

**Disclaimer:** All investments in mutual funds are subject to market risk. Past performance is not necessarily indicative of future results. Please read the offering document of the fund to understand the investment policies and risks involved.

\* based on the monthly saving rates offered by the banks.

### Fund Performance

The fund earned an annualized return of 10.80% for this month, higher than the benchmark 1M KIBOR of 9.43% and average deposit rates offered by the banks. The Assets under Management of the Fund continued to grow remarkably and stood at over PKR 3.5 billion at month end. The fund adopted a cautious approach as returns on placements and CFS remained low on the back of excessive liquidity. Exposure in TFCs and other corporate debt was further increased as the fund continued to diversify and accumulate high yielding quality instruments.

### Outlook

We feel that pressure on interest rates would continue in the market but interest rates would likely sustain at these levels in the short term as inflationary pressures continue to build when interest rates slide. The rates on deposits, placements and CFS are expected to remain at current levels as liquidity is still on the higher side despite SBP efforts to curtail it. Strong participation is expected in coming Tbill auctions while SBP looks set to continue with regular bond auctions to cater to the appetite of banking and institutional investors, thus maintaining the longer end of the yield curve.

### Key Statistics (for April 2007)

	Over-Night	T-Bill (6-month)	KIBOR (6-month)
Month Avg. (p.a.)	8.58%	8.91%	10.26%

### 1 month average return – Benchmark Comparison

	Savings deposits*	KIBOR (1-month)	KASB Liquid Fund
Annualised Yield	1.45%	9.43%	10.80%

### Weighted Asset Allocation for April 2007

