

February 2007

Snapshot

Fund Type	Open-ended money market
Inception Date	May 9, 2006
Listing	Karachi Stock Exchange
Fund Size (28-02-07)	PKR 2.30 bln
Current NAV (28-02-07)	PKR 107.22
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	11.28% p.a.
Yield since inception	10.67% p.a.
Yield to date	10.67% p.a.

Fund Objective

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

Market Review

Money Market Review:

The economic numbers for the 1H FY07 have shown a sustainable growth indicating a positive trend. Workers' remittances grew by 21%, FDI 68%, and portfolio investment saw an impressive increase of 74%, as compared to last year. The tight monetary policies adopted by SBP achieved the desired result, and the overall inflation declined to 6.6 percent in January 2007 as against 8.9 percent in previous month (December, 2006) and 8.7 percent in the corresponding month of last year.

In the scheduled T-bill auctions during the month, the market participants showed increased interest in the 1-year tenor. T-bill yields remained flat across all tenors at 8.64%, 8.81% and 9.00% for 3, 6 and 12 months respectively and the total amount picked up by the SBP was PKR 85 billion.

The Ministry of Finance announced to conduct the PIB auction on March 5; 3, 5 and 10 year PIBs will be offered with a target to raise PKR 15 billion.

The deposit rates at commercial banks remained stable across different tenors because of the higher liquidity in the market.

CFS Review: The market showed extreme volatility, the index making a high of 11,868 points and closing at 11,180 points. CFS volumes showed good strength and the rate averaged around 15%.

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 recorded a noteworthy performance during the month by generating a return of 11.28% p.a., higher than its benchmark 1M KIBOR rate of 9.72%. The Fund also registered a significant increase in assets under management which grew by over 30% during the month. The Fund remained invested mainly in placements while increasing its exposure towards CFS. The focus remained on re-allocation between asset classes so as to optimize Fund yield while maintaining a balance within our risk management parameters. The fund also continued to increase its exposure towards TFCs, as yields were attractive on this side. However, as the asset base has grown substantially, the Fund will continue to look out for attractive investment opportunities to secure consistent market based returns for its investors.

Outlook

With inflation and other economic indicators showing signs of stability, we expect the interest rates to remain fairly stable. The PIB auction scheduled for early next month is expected to witness slight decrease in yields, as indicated a falling secondary market yields. However rates on deposits with banks are set to register some improvements as banks will vie for higher deposit base for quarter ending.

Key Statistics (for February 2007)

	Over-Night	T-Bill (6-month)	KIBOR (6-month)
Month Avg. (p.a.)	9.18%	8.82%	10.49%

1 month average return – Benchmark Comparison

	Savings deposits*	KIBOR (1-month)	KASB Liquid Fund
Annualised Yield	2.00%	9.72%	11.28%

Weighted Asset Allocation for February 2007

