KASB Liquid Fund

Investment Objective

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

Inception Date

May 9, 2006

Type of Fund

Open-end money market

Benchmark

KIBOR 1 month

Fund Size

PKR 9,947 million

Current NAV

PKR 104.45 (30-11-07)

Load Structure

Front-end	: Nil
Back-end	: Nil
Back-end (contingent)	: 0.50% (if redeemed within 15 days)

Performance Return (p.a. basis)

	KLF	KIBOR 1 m
Since Inception	10.61%	9.51%
1 year	10.31%	9.59%
6 month	9.20%	9.53%
3 month	9.55%	9.66%
1 month	9.15%	9.64%

Indicators (since inception)

Sharpe Ratio	:	0.25148
Standard Deviation	:	0.0165%

Disclaimer

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

Market Performance

With inflation standing at 7.64% for the July-Oct FY08 period, tight liquidity measures were expected from SBP in the month of November. The central bank continued to do its best to limit excess liquidity in the system by conducting regular OMOs through the month. Two T-Bill auctions and one PIB auction was held amid mixed response from investors. The first half of the month went pretty much as expected and the overnight rates remained on the higher side with SBP receiving good participation on the first T-Bill auction where PKR 35bn was picked up. Cut-off for 6M T-bill was changed from 9.14% to 9.20%. The second auction however received a lukewarm response from the market as total pick up stood at just over Rs12.5bn against the participation of Rs47bn. Similarly, SBP managed to pick only Rs2bn in the PIB auction held towards the end of the month and was forced to scrap all tenors accept for 30 years. The market accepted and anticipated much higher cut offs and presented bids at top rates whereas the SBP thought otherwise and thus rejected the bids.

The rates on placements remained more or less static with few signs of year end pressure on banks to raise deposits. The secondary market for TFCs showed early signs of cooling off as well with yields picking up slightly.

CFS Review

Due to the uncertain political situation prevalent in the country, the KSE remained volatile throughout the month, The Index closed at 13,998 registering a MoM increase of 0.49%. The average CFS Volume witnessed a decrease to 567 million from 613 million from last month. Rates were also on the lower side ending at a monthly average of 10.97%

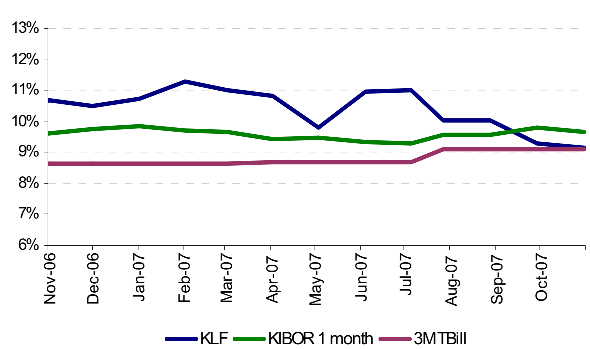
Fund Performance

The fund registered a return of 9.16% for the month, lower than its last month performance but well above its peers. As excess market liquidity and low rates on all asset classes continued to batter returns, the fund continued to smartly allocate funds between different avenues to generate the highest risk adjusted return for its investors. The fund size recorded healthy growth and closed just under Rs 10 billion at month end.

Outlook

With inflation continuing to be a problem for the economy, the rates are expected to remain high. SBP will look to do regular auctions to meet GoP borrowing requirements as maturities of old ones are arising in next few months. Similarly yields on PIB's are expected to remain on the higher side with SBP looking to improve cut offs on T-bills as well.

Return Comparison



Weighted Asset Allocation for November 2007