

KASB STOCK MARKET FUND

Fund Management Team
(92 21) 111 535 535
funds@kasb.com

April 2007

Snapshot

Fund Type	Open-ended equity
Inception Date	March 22, 2007
Listing	Karachi Stock Exchange
Fund Size (30-04-07)	PKR 421mn
Current NAV (30-04-07)	PKR 54.47
Front-end Load	2.50%
Back-end Load	Nil

Benchmark: KSE 100 Index

Fund Objective

The Fund seeks to generate long term capital appreciation and income, from a portfolio that is substantially constituted of equity and equity related securities.

Market Review:

Once again the month of April heralded a new all time high for the equity markets (previous high of 12,274 recorded last year) and it was the first quarterly results season that became the pretext to the "Bull Run". The market recorded a return of 9.74% up by 1,097 points to close at 12,370, with Average Daily Turnover (ADT) of 265mn. This year, however, the key impetus was foreign liquidity rather than domestic funding (CFS financing touched its cap of PKR55bn close to the month end) with SCRA touching a record high of USD708mn. Participation by foreigners ensured the market surged in a much more controlled fashion, with a predominant focus on the financial sector as Banks (+13.92%) and Insurance (+17.31%) gave sterling performance while the Refinery sector (+20.18%) showed the best return for the month.

Other important developments pertaining to equities during April 2007 include: i) Forbes ranking OGDC and NBP amongst top 2,000 high performers, ii) DAP prices reduced by PKR310/bag following a PKR400/bag subsidy given by GoP, iii) SBP's withdrawal of 10% exposure on Banks/DFI's on House Financing and iv) British Petroleum's interest in PSO's privatization.

Fund Performance

KASB Stock Market Fund (KSMF) has given a return of 9.05% in April 2007 marginally below the benchmark KSE-100 performance of 9.45%. The return fell short of the index owing to portfolio building during the early part of the month as April was the first full month of operation. However KSMF covered significant ground by outperforming the benchmark and most of its peers in the two closing weeks of April.

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.

Outlook

Market has seen a significant re-rating in April reaching FY07 earnings multiple of 11.5x but trading at an attractive FY08 multiples of 9.5x.

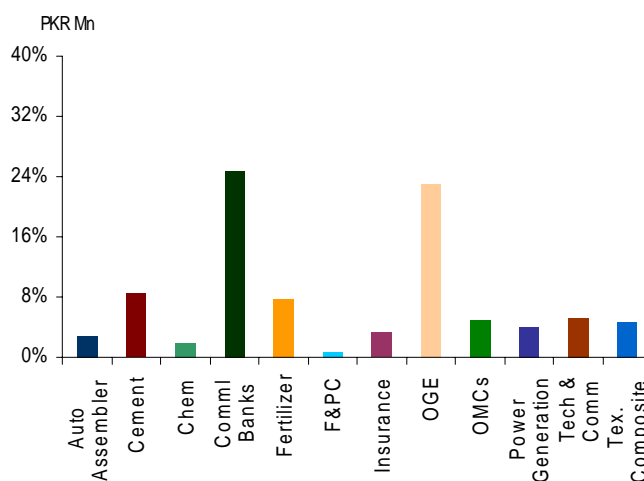
Foreign houses in particular remain buoyant on key blue chip scrip's and the potential upside to the Index. Assimilating the higher end of research houses target values on key stocks in the Index, one doesn't feel the index level of 13,500 or higher is out of question. However the cautionary note is that the safer part of the surge is already done and prudence would require a certain degree of profit taking and a shift from sectors which have performed into sectors and scrip's which have underperformed. The key candidates for such a shift are OMC's (+0.52%) E&P (+6.36%) Chemical and Pharmaceuticals (+7.10%) Fertilizer (+8.57%) and Textiles (+9.73%) vs KSE 100 Index (+9.74%).

Despite the CFS funding reaching its upper cap of PKR55bn average return on CFS investments has remained under 12%. Hence the fund has not made any placements in CFS financing.

Weighted Asset Allocation for April 2007

Equities	91.5%
Cash	8.5%

Weighted Sector Allocation for April 2007



KASB FUNDS (Rated AM3+ by PACRA)

11th Floor, Trade Centre
I.I. Chundrigar Road Karachi
UAN: (021) 111 535 535 Toll Free: 0800 5272 1
URL: www.kasbfunds.com Email: funds@kasb.com