

# Fund Managers' Report

December 2007

Managed by:



Rated AM3+ by PACRA

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## KASB Stock Market Fund

### Investment 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.

### Inception Date

March 22, 2007

### Type of Fund

Open-end equity market

### Benchmark

KSE 30 Index

### Fund Size

PKR 404 million

### Current NAV

PKR 54.25 (31-12-07)

### Load Structure

Front-end : 2.5%  
Back-end : Nil

### Performance Return (absolute)

	KSMF	KSE 30
Since inception	18.24%	18.10%
For month	-1.42%	-0.23%
Last 15 days	-2.66%	-4.01%

### Indicators (since inception)

	KSMF	KSE 30
Sharpe Ratio	0.04	0.03
Beta	0.74	1.0
Std. Deviation	1.06%	1.35%
Correlation	+ .98	NA
Avg Mkt Cap (b)	620.58	668.88
Weighted P/E (x)	9.78	11.05
Weighted P/BV (x)	2.41	2.51
Weighted Div Yld	3.80%	4.59%

### Disclaimer

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

### Market Performance

The market initially remained positive during December 2007 with the KSE-30 Index touching 17,687 points. Emergency was lifted on December 16 and with full participation in the forthcoming elections, the sentiments remained positive. However, after the assassination of Benazir Bhutto on December 27 and the resulting disturbances throughout the country, the KSE-30 fell by 862 points on the last day of the month, closing at 16,717 points with a negative return of 0.23% for the month.

During the month, the top performing sectors were Investment Banks, Insurance and Engineering. Commercial Banks showed a return of 3.25% as stock prices rose with the news that redemption of NIT units would translate into one-time gains for some banks. Textiles showed a positive return of 1.44% and rising DAP prices allowed the fertilizer sector to show a positive return of 0.87%. E&P sector, however, failed to perform giving a -3.30% return. The worst performing sectors of the month were Transport & Communication, Oil Marketing Companies and Power sectors. Despite increase in cement prices the cement sector gave a negative return as demand in winter months remained depressed. An appreciating yen against weakening dollar also ensured that the auto sector had a negative growth of -0.91%.

### Fund Performance

KSMF gave a return of -1.42% versus the KSE-30 Index return of -0.23% for the month of December. Underperformance for the month was an industry wide phenomenon. However, KSMF was one of the best performing equity funds among peers in December.

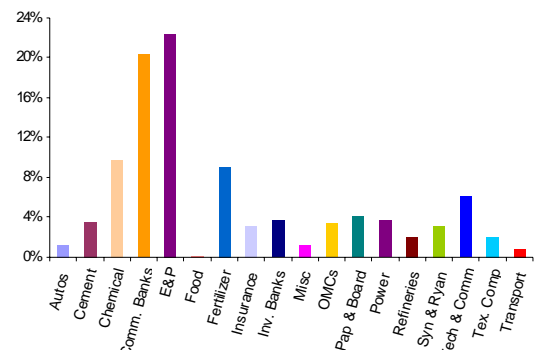
### Future Outlook

With the tragic events of December 27, the political scenario of the country is again quite uncertain and elections have been delayed by 40 days. The last trading session of the month saw the months gains wiped out and sentiments would remain to be dictated by political developments. Economic damage due to the political developments would likely become visible during 3QFY08. The fund was 89% invested at the end of the month and would look to capitalize on the expected volatility till the elections take place. Exaggerated declines would be taken as buying opportunities in blue chip stocks.

KSMF vs Benchmark



Weighted Sector Allocation for December 2007



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**KASB Bank Limited – All Branches**

- Karachi
- Lahore
- Islamabad
- Faisalabad
- Multan
- Sialkot
- Gujranwala
- Gujrat
- Rawalpindi
- Sukkur
- Hyderabad
- Quetta
- Mirpur
- Peshawar
- Nawabshah

**Standard Chartered Bank Limited – All Branches**

**Managed by:**

