

FUND MANAGERS' REPORT

March 2008

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-ended equity market

Benchmark

KSE 30 Index

Fund Size

PKR 474 million

Current NAV

PKR 58.29 (31-03-08)

Load Structure

Front-end : 2.5%
Back-end : Nil

Performance Return

	KSMF	KSE 30
Since Inception	26.32%	30.25%
For Month	0.03%	0.39%
Last 15 Days	0.28%	0.06%

Indicators (since Inception)

	KSMF	KSE 30
Sharpe Ratio	0.0454	0.039
Beta	0.76	1
Std. Deviation	1.08%	1.37%
Correlation	0.98	NA
Avg Mkt Cap (b)	1,035.9	896
Price to Earning (x)	9.38	11.9
Price to Book (x)	2.39	2.75
Dividend Yield	3.48%	4.33%

Disclaimer

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

MARKET PERFORMANCE

At first glance, the market remained flat in March 2008, in line with expectations, with the KSE-30 opening the month at 18,367.3 points and closing at 18,438.1 points. However what came in between was a severe bout of volatility whereby the market made a low of 17,894.7 points and then came back to make an all time high of 18,770.6 points. This volatility came as the result season concluded and several key stocks turned ex-dividend. The political scene also shaped in the middle of the month as the national assembly convened and a new government was sworn in. In the same period international markets remained jittery owing to the fall backs of the sub-prime crises in the US but had no impact on the Pakistan market. Notwithstanding the volatility, the Pakistani bourses have generally been fairly resilient versus the regional peers as Pakistan remains decoupled to the regional economy. The performing sectors of the month were Synthetic & Rayon (19.91%), Insurance (14.27%), and Investment Banks (13.77%) while the worst performers were Tobacco (-11.51%) Refineries (-5.34%) and Commercial Banks (-5.30%).

FUND PERFORMANCE

The benchmark KSE-30 registered a gain of 0.39% while the fund registered a gain of 0.03% thereby underperforming the benchmark by 0.36%. Extreme volatility in the massively weighted stocks in the KSE-30 was the cause of this underperformance.

OUTLOOK

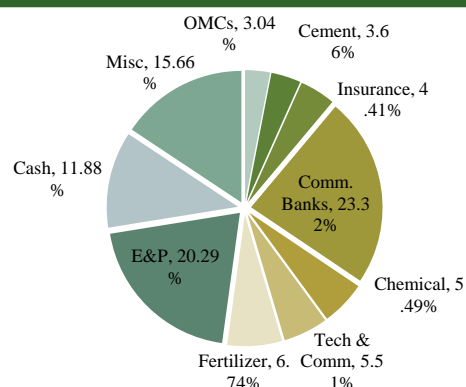
Some economic indicators such as fiscal & current account deficit as well as inflation seem certain to miss their targets for FY07 but economic growth is expected to remain steady with the State Bank expecting real GDP growth between 6.0-6.5% in FY07 in its 2nd quarter report. International markets remain shaky as mounting fears of a US led-recession and a weakening dollar continues to weigh into markets. This also seems to point towards a prospective bearish trend. April is stated to witness introduction of the much awaited CFS MK-II system which would replace the current CFS. Some market participants have reservations over its modalities but this is likely to be sorted out in the coming days. However, in the switch over period, market may witness some jitters.

In the short term the market hasn't yet shed away from its strong bull run. Market remains near its all time high for now and may offer some more upside in the first half of the month. Any decent upside from here ought to rest on the performance of the E&P sector, a few key banks while cements would also play their part.

KSMF vs Benchmark



Asset Allocation as at March 31, 2008



FUND MANAGEMENT TEAM

Muhammad Faisal Potrik
Ali Hussain, CFA
Mir Taimur Ali
Ali Sibtain
Khurram Bashir

DISTRIBUTORS

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– All Branches
IGI Fund Select – All Branches

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