

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 402 million

Current NAV

PKR 55.03 (30-11-07)

Load Structure

Front-end : 2.5%
Back-end : Nil

Performance Return (absolute)

	KSMF	KSE 30
Since inception	19.80%	18.37%
For month	-3.73%	-3.08%
Last 15 days	6.56%	7.55%

Indicators (since inception)

	KSMF	KSE 30
Sharpe Ratio	0.050	0.035
Beta	0.75	1.0
Std. Deviation	1.06%	1.34%
Correlation	+ .97	NA
Avg Mkt Cap (b)	699.6	718.6
Weighted P/E (x)	9.18	13.26
Weighted P/BV (x)	2.69	3.02
Weighted Div Yld	4.37%	4.1%

Disclaimer

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

Market Performance

With the imposition of emergency at the start of the month, the KSE-30 Index finally closed at 16,873.79 points at the end of the month, down by 3.08%. With a net outflow of \$219.86 mn in the SCRA account, Pakistan's suspension from the Commonwealth, Moody's downgrade of Pakistan's outlook from stable to negative and the uncertain political environment, the first half of the month witnessed a massive downfall in the market. In the later half, however, the market picked up as the Supreme Court dismissed the petitions filed against President Musharraf and he was sworn in as a civilian President.

During the month, the top performing sectors were Chemicals & Pharmaceuticals, Engineering, Fertilizer and OMCs. The fertilizer sector rallied due to increase in fertilizer off take and rising international DAP prices whereas the OMC and E&P sector benefited from the rising international oil prices hovering around record levels of \$100/barrel. The E&P and Commercial Banking sectors showed dismal returns of 0.17% and -2.44%. The worst performing sectors were Synthetics & Ryan, Tobacco and Transport & Communication. The textile sector showed a decline of 4.54% on the back of an increase in gas prices, rise in cotton prices coupled with shortfall of cotton production. Rising steel prices and an appreciating yen also negatively affected the auto sector which showed a 2.41% decrease.

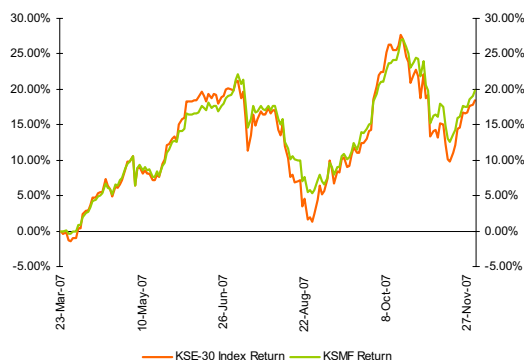
Fund Performance

KSMF gave a return of -3.73% versus the KSE-30 Index return of -3.08% for the month of November. Due to the volatility in the market, the fund followed a more defensive and scrip specific strategy to limit its downside risk.

Future Outlook

The political uncertainty prevailing for the past few weeks has subsided to a large extent; the only issue still remaining is the state of emergency in the country which is expected to be lifted by December 16. Forthcoming elections in January should provide more comfort to both local and foreign investors. The market fundamentals remain strong and overall double digit earnings growth in expected for the next year. Towards the end of the month, the SCRA account also showed an inflow which should help sustain the market as foreign interest returns to the market.

KSMF vs Benchmark



Weighted Sector Allocation for November 2007

