

FUND OBJECTIVE

FIGF seeks to provide risk-averse investors an opportunity to earn a consistent market based income with conservative risk profile while maintaining security of principal as its prime objective.

PERFORMANCE

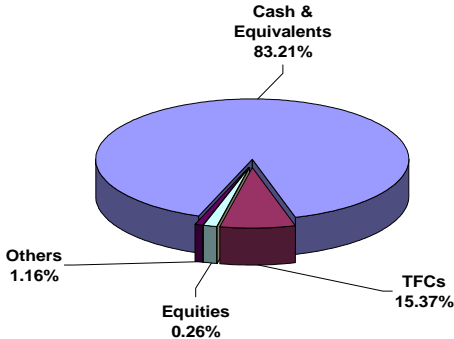
FIGF maintained its pole position as the best performing hybrid income fund with an annualized yield of 12.82% well above its benchmark of 6 months KIBOR which closed at 10.17%. On a MoM (month on month) basis FIGF posted a return of 10.41% slightly above its benchmark. The performance this month was not as exceptional because of excessive liquidity in the market which has dragged down the money market rates. Even then the fund managed to beat 6 months KIBOR by 24 bps which is an achievement considering the current scenario where rates are low and debt instruments are few and those available are not yielding high returns. Asset allocation remained similar to last month's with major concentration in "cash or equivalent" placements and a slight increase in TFC's.

MONEY MARKET REVIEW

The money market remained fairly liquid as the Inter Bank money market rates continued their declining trend. On average the six month Karachi Inter Bank Offer Rate (KIBOR) decreased by 8bps (basis points) in the month of May and remained between the range of 9.67% to 10.17% compared to the last month's average range of 9.75% to 10.25%.

In the T-bill (Treasury Bills) auction SBP accepted cumulative bids worth Rs. 7.75 billion against total participation of Rs. 16.10 Billion. The central bank kept the cut-off yield on the three-month paper flat at 8.6869 percent. The cut-off yield on Pakistan's benchmark six-month T-bill also remained unchanged at 8.9017 percent where SBP accepted bids worth PKR 47.87 million. However, the cut-off yield on the 12-month paper rose to 9.1119 percent from 9.1000 percent where SBP accepted bids worth Rs. 6.78 billion.

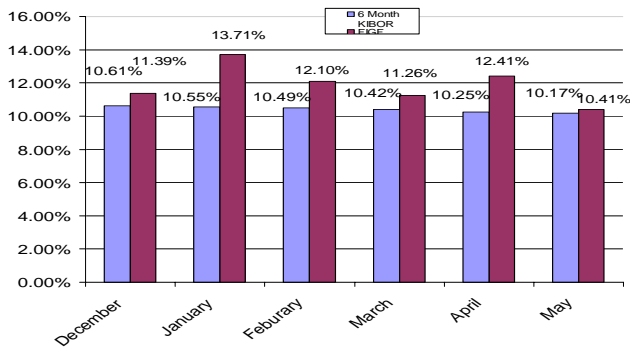
ASSET ALLOCATION (%)



Standard & Poor's Ratings Services said this month that it has assigned 'B+' senior unsecured foreign currency debt rating to the Islamic Republic of Pakistan's global bond issue of up to US\$1 billion. Pakistan raised USD 750 million selling foreign currency bonds to investors in Asia, Europe and the U.S., in its fourth debt offering in three years. Pakistan got offers of USD 3.54 billion for the sovereign bonds, or seven times more than the government's initial plan to sell \$500 million bonds.

Consumer prices rose 6.92 percent in April from a year ago, following a gain of 7.67 percent in March. Consumer prices in the first 10 months of the year rose an average of 7.89 percent from 8.03 percent a year earlier. Consumer prices are likely to rise faster than forecast according to the central bank. Inflation, as measured by the consumer price index, could rise between 7.5 percent and 7.8 percent in the year to June 30, faster than the 6.5 percent target, according to the SBP.

FIGF vs KIBOR (6M)



The Prime Minister of Pakistan said that Pakistan's economic growth is set to turn out around 7.02 percent this fiscal year, against a target of 7.0 percent, and 6.61 percent growth the year before. The PM said that all three main components of the economy -- agriculture, large scale manufacturing and services -- have posted high growth in the 2006/07 fiscal year ending June 30.

Pakistan's central bank governor said that the current tight monetary policy was appropriate and no immediate change was on the cards despite accelerating broad money growth. The governor said that our monetary stance is adequate for now, so we won't contemplate any further adjustment in our monetary stance.

RETURNS

Month on Month	10.41%
FY 06 - 07	12.82%
Since Inception	10.98%

BENCHMARK RATES

	KIBOR	T-BILLS
3 Months	9.82%	3 Month 8.69%
6 Months	10.17%	6 Month 8.90%
12 Months	10.51%	12 Months 9.11%

FUND INFORMATION

Fund Type	Open Ended	Registrar	Gangjees Registrar (Pvt.) Ltd.
Fund Launch Date	10 th October 2005	Trustees	Central Depository Company (CDC) of Pakistan Ltd.
Rating	A + by JCR-VIS	Auditors	Ford Rhodes Sidat Hyder & Co, Chartered Accountants
Performance Bench mark	6 Months KIBOR		

MANAGED BY



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Risk Disclosure:

All investments in mutual funds and securities are subject to market risks. Therefore, the NAV based prices of units cannot be guaranteed. Prices of units and any dividends and returns thereon may go up or down based on market conditions & past performance of the fund is not necessarily indicative of future results. Please consult your legal/financial advisor & read clause 2.6 and 2.7 of the offering document available at our web site for understanding the investment policies & risks.