UBL Fund Managers
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Fund Manager Report

For the Month of September 2006

United Money Market Fund

UMF Average Annualized Returns (p.a.)				
(As of)	30 Days Rolling	90 Days Rolling	Year to Date	Since Inception
30/09/2006	8.77%	9.68%	9.67%	7.69%
31/08/2006	9.43%	8.37%	10.03%	7.62%

UMF Fund Size (Rs. in Million)			
(As of)	Start of Month	End of Month	Change %
30/09/2006	4,415	4,347	- 1.54%
31/08/2006	4,181	4,415	+ 5.59%

UMF Strategy

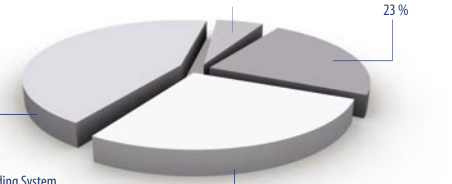
The month under review was marked by a marginal decrease in the fund size by 1.54% due to the liquidity requirements of some institutional investors at quarter end. While we maintained our strategy of gradual yield enhancement through restructuring of the portfolio, we have allocated approximately three fourths of our investments in short-term liquid assets (CFS and Placements) anticipating a further hike in short-term interest rates. The 90 days rolling yield at month end stood at 9.68%p.a with duration at 32 days.

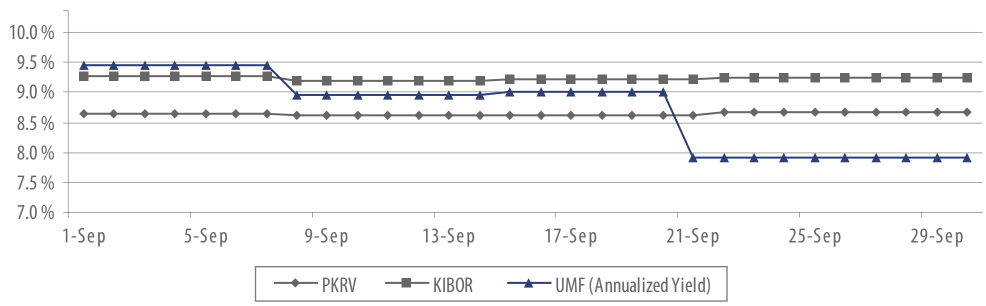
With a hike in KIBOR and Repo rates, we channeled 27% of our investments into money market placements and high yielding deposits with commercial banks. Month end investment in CFS stood at 44%, up from 38% last month -we expect the yields from this asset class to further improve once the ban on in-house financing is implemented in phases starting from next month. Exposure in Corporate Debt Instruments (TFC's) increased by a marginal 1% to 23% at month end - here, we are actively seeking to divest from thinly traded / fixed rate issues and substitute them with fresh KIBOR linked floaters.

Outlook

Going forward, increased exposure in the CFS will be key as the number of scripts are proposed to be increased to 45 and the in-house financing ban is implemented. This is expected to improve net yields, reduce costs and at the same time provide further diversification within this asset class. With banks and NBFIs expected to borrow increased amounts for December crossing starting from October, we will also be focusing our efforts on placements with quality institutions. Evaluations are under way in order to accumulate quality corporate debt instruments and significant disbursements are expected in the month of October.

Portfolio Allocation September 2006





* Performance Comparison of UMF Yield with 1-MTH KIBOR & PKRV during the Month of September'06

UMF Fund Facts

Public Launch Date	November 05, 2002
NAV (30/9/06)	Rs. 102.4679
Minimum Investment	Rs. 5,000/-
Withholding Taxes*	Nil
Sales Load*	Nil
Management Fees	1.50 % p.a.

Benchmark	1-Month KIBOR
Fund Rating	A+
Management Company Rating	AM3
Trustee	CDC Pakistan Ltd.
Auditor	KPMG - Taseer Hadi & Co.

* Conditions apply

Fund Manager Report

For the Month of September 2006

United Growth & Income Fund

UGIF Average Annualized Returns (p.a.)		
(As of)	Since Public Launch (March 2nd 2006)	For the Month
30/09/2006	10.54 %	5.80 %
31/08/2006	11.35 %	12.77 %

UGIF Fund Size (Rs. in Million)			
(As of)	Start of Month	End of Month	Change %
30/09/2006	1,614	1,854	+14.86 %
31/08/2006	1,570	1,614	+2.80 %

UGIF Strategy

During the month under review, the Fund size increased by 14.8% to Rs. 1,854 mn at month end. The monthly yield for September which is determined strictly on the basis of NAV movements was low at 5.80% p.a. due to mark to market valuation policies on spread transactions - on amortization basis however, the Fund had an approximate yield of 10.5% p.a. The diversified portfolio mix helped us to achieve the longer-term orientation of the Fund by delivering the 90-day rolling yield at 12.73% p.a which reflects the normalization of yields over a longer investment horizon and across varied market conditions.

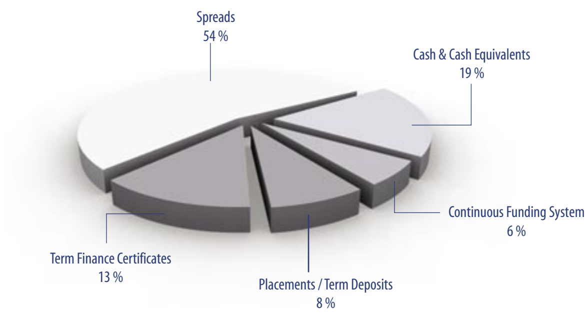
With the June'06 corporate results having been announced by most of our counterparties, we are in the process of reviewing their performance and consequently credit limits (mainly NBFIs). At month end, 8% of the fund was invested in NBFI placements and term deposits with some 'A' rated commercial banks. Investment in Continuous Funding System remained unchanged at month end as compared to last month. We intend to increase our exposure in this asset class to optimum levels in this asset class once CFS rates inch up, thus reducing some dependence on spread transactions which accounted for 54% of our investments. We expect the investment in spread transactions to be lower in October due to major companies going into their book closure period - this however may provide lucrative opportunities in the dividend CFS arena. Exposure to floater TFC's increased to 13% of net assets at the end of September (nearly 26% in absolute terms as compared to the previous month end figures).

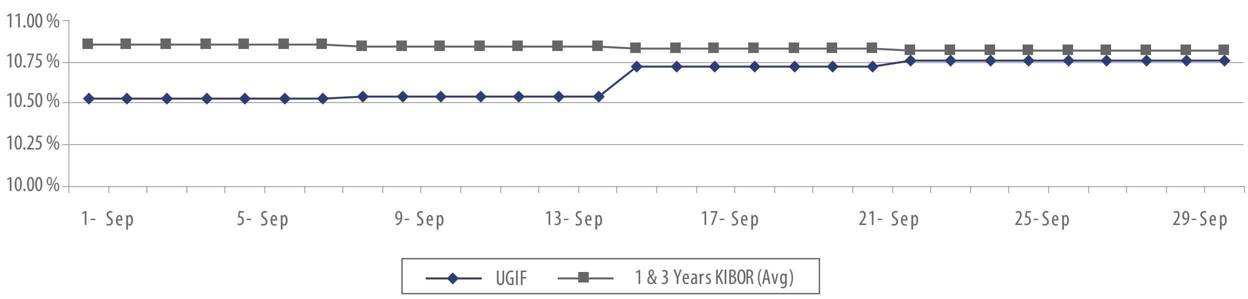
With the build up in the Fund size, we will be more aggressive in accumulating quality corporate debt instruments in order to secure consistent market-based returns.

Outlook

Increased exposure in CFS, NBFI / Commercial Bank placements will be focused upon during the month of October as rates are expected to improve. Spread investments due to reasons mentioned earlier may see somewhat of a slow down in October - however, we see a bright future for this asset class as the market develops and steps such as ban on short selling on the future's counter comes into force.

Portfolio Allocation September 2006





* Performance Comparison of UGIF Yield with 1-Yr & 3-Yr KIBOR (Avg) during the Month of September'06

UGIF Fund Facts

Public Launch Date	March 02, 2006
NAV (30/9/06)	Rs. 103.2627
Minimum Investment	Rs. 5,000/-
Withholding Taxes*	Nil
Sales Load (Front End)	1.50%
Sales Load (Back End)	Stepped-Down Structure

Management Fees	1.50% p.a.
Benchmark	Average of 1 year and 3 year KIBOR
Management Company Rating	AM3
Trustee	CDC Pakistan Ltd.
Auditor	KPMG - Taseer Hadi & Co.

* Conditions apply

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Fund Manager Report

For the Month of September 2006

United Stock Advantage Fund

USF Returns	USF	KSE 100-Index
Since Public Launch(Aug 4th, 2006)	0.14 %	-1.45 %
For the Month (September 30th, 2006)	3.67 %	4.46 %

USF Fund Size (Rs. in Million)			
(As of)	Start of Month	End of Month	Change %
30/09/2006	489.41	504.40	+3.06 %

Top Ten Holdings of USF

DG Khan Cement	Oil & Gas Development Company
Fauji Fertilizer Bin Qasim	Pakistan Oil Fields
Fauji Fertilizer Company	Pakistan Petroleum
Lucky Cement	Pakistan State Oil
Nishat Mills	Pakistan Telecommunications

USF Strategy

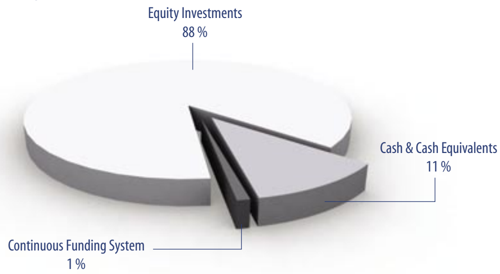
The monthly yield on United Stock Advantage Fund in the second month of its public launch stood a little lower (M-O-M +3.67%) when compared with the benchmark KSE 100-Index which increased by 4.46% over last month. The reason for the underperformance was mainly due to a sluggish performance by the E&P Sector while the Banking Sector clearly remained the out performer during September.

During the month, we strategically shifted our liquid funds from bank deposits and investment in CFS towards accumulating a diversified trading portfolio, which mainly concentrated in the E&P, Cement and Banking sectors. Earning announcements of major cement companies were impressive although payouts were somewhat restrictive possibly due to most companies being in the expansionary phase. With the Union Bank - Standard Chartered deal having gone through during September, the market was awash with news regarding further mergers and acquisitions which helped to significantly increase trading volumes and price levels in the banking sector. After the shock of downward Well Head gas price revisions in August, the E&P sector remained mixed during the month of September with the decline in international oil prices on one hand and discoveries in major fields on the other. By late October, we will see the September quarter results of many companies coming through and these will help to determine the market momentum and direction.

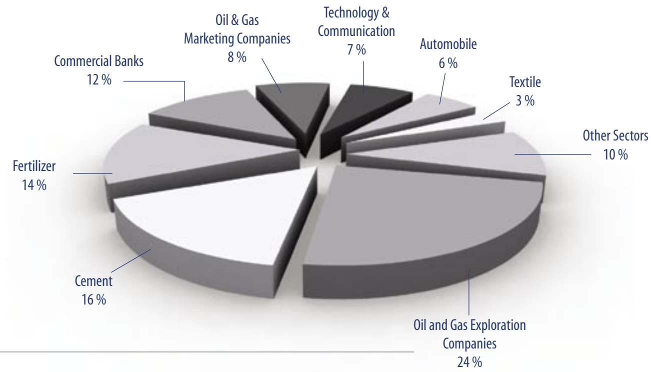
Outlook

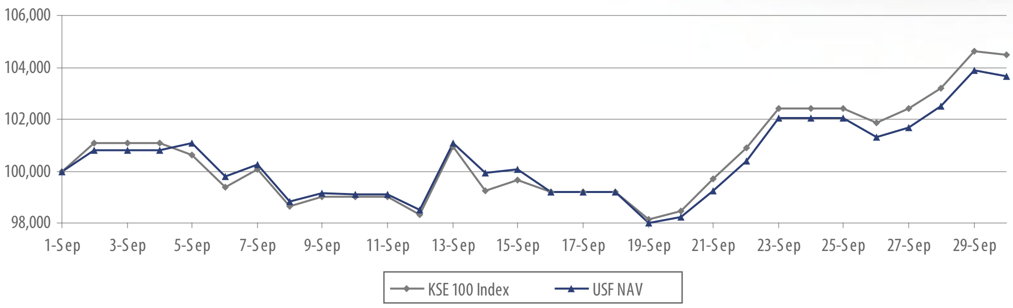
Our overall outlook for the market is positive with earning growth expectations of over 15% for FY'07. At the current market PE multiple of 9x, we foresee a room for growth from these levels. We aim to selectively increase our exposure with a 'buy on dip' strategy in value stocks, specially in the Oil & Gas Exploration and Cement Sectors which after the recent market trimming have become quite attractive.

Portfolio Allocation September 2006



USF Sector Allocation





* Performance Comparison of USF Return with KSE 100-Index during the Month of September'06 on an initial investment level of PKR 100,000/-

USF Fund Facts

Public Launch Date	August 04, 2006
NAV (30/9/06)	Rs. 100.1378
Minimum Investment	Rs. 5,000/-
Sales Load (Front End)	2.50%
Management Fees	3.00% p.a.

Benchmark	KSE- 100 INDEX
Management Company Rating	AM3
Trustee	CDC Pakistan Ltd.
Auditor	KPMG - Taseer Hadi & Co.

Economic Review

The Multilateral Agencies (IMF and World Bank) have forecasted Pakistan's GDP to grow by 7% for FY07. The State Bank's tighter monetary policy stance and pushing up of short-term interest rates all round has helped to slow down the pace of private sector credit and monetary growth to some extent. The consistent performance of the economy over the last few years has helped Pakistan improve its rating and being reclassified as having a 'Conducive Business Environment'. This is supported by the fact that during July-August 2006, Foreign Direct Investment (FDI) reached $375.4 mln showing a rise of 63% over the corresponding period of the previous year.

Core inflation has come down in the first two months of the fiscal year 2006-07 while the supply disruption and the persistent price pressures in food items (food inflation of 11.08%) made the Consumer Price Index (CPI)) inflation to increase by 8.93% (13-month high) in August 2006 over the corresponding month last year.

On the deficits front, the trade deficit widened by 36.66% to US$2.132 bn in the first two months (July-August) of the fiscal year 2006-07. Pakistan is aiming at a Foreign Direct Investment (FDI) of US$7 bn for FY07, which would help to finance the burgeoning deficits. Also the government must announce a fresh sale of Pakistan Investment Bonds (PIB's) as PIB maturities worth PKR 43 bn along with maturities of National Saving Schemes (PKR 70 bn) would further intensify the funding requirements of the Government. If this is not successfully done, it may nullify the monetary tightening measures of the SBP as increased Government borrowing from the SBP and local commercial banks tends to strengthen inflationary pressures.

Market Roundup

Money Market

The SBP once again failed to sell its short-term T-bills due to fears of mounting inflationary pressures among the market participants. This made the banks restrict most of their investments to 3-month papers. The participation stood at Rs. 37,700 mn for 3-months, Rs. 11,500 mn for 6-months and Rs. 13,460 mln for 12-months tenor with most of the bids placed above the previous cut-offs. The SBP also conducted an outright sale of 32-days paper during the month in order to offload the piling T-bill inventories as papers worth Rs. 57,250 mn matured this month.

The money market remained liquid throughout the month with ample liquidity coming into the banking system. Overnight rates as a result of liquidity drift during the month nose-dived to less than 1%, which made the SBP intervene and mop up excess liquidity of Rs. 86.95 bn with a total of 6 Open Market Operations (OMOs). Discounting for the month stood at Rs. 66.71 bn owing to heavy withdrawals before Ramzan from the banking system.

Overnight Repo was quoted at 7.75%-8.25% at month end. Rates in tenors of 1-week, 1-month and 3-months declined in all tenors after the pre-Ramzan withdrawal period ended and closed at 8.40-8.60%, 8.40-8.60% and 8.60-8.75% respectively in three tenors. Much of the activity was witnessed in one-year MTB's where trades took place in the range of 8.96-8.92%. With expectations of a fresh PIB issue before the end of first half of FY07, no significant activity was observed in long-term government bonds (PIB's). Few trades were witnessed in the 10-year paper in the range of 10.60-10.30% while trades in 5-year PIB's took place in the range of 10.30 -10.00%.

Equity

The KSE-100 Index witnessed a low of 9,876 during September and rebounded with strong demand in banking, cement and oil & gas sector. The KSE 100-index closed the month at 10,512 just below the month's high of 10,529 (up by 4.4%). The month opened on a negative note owing to news of ban on in-house financing, increased transaction costs due to stamp duty on transfer of shares and lower earnings expectations of PTCL. A broad recovery soon followed mainly due to extension of in-house financing by 28 days, proposed GDR listing of MCB and reports of increased foreign portfolio investments (as per the SBP released figures, the local bourses received US$79.7 mn) which is the highest in any single month in the last eight calendar months.

Corporate announcements for the period ending September'06 will start trickling in from the third week of October - these will help to determine the trend of the market in the coming month. Earnings of major textile producers will probably be focused upon as September is the year end for most companies. Earnings in the Oil & Gas Exploration, Banking and Cement sectors for the above period are expected to be strong for most companies. Despite strong fundamentals which should logically push up the market, the direction in the coming months will be more dependent on the implications of the switch-over from the in-house financing mode to the more 'official' CFS market (the quantum of this is around PKR 90 bn). We however remain positive on the market in the long term as these systemic risk issues are sorted out - however, the ride in between is expected to be rough and investor patience is key to realizing long term total returns.

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