



National Fullerton  
Asset Management Limited

# NAFA Cash Fund (NCF)

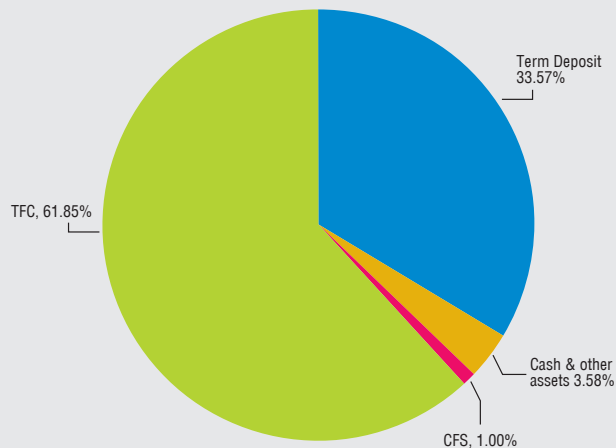
Unit Price (31/12/2008): Rs. 9.5895

December 2008

Investment Objective	Performance					
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	<b>Performance (%)</b>	<b>Apr - Dec 2006*</b>	<b>Jan - Dec 2007*</b>	<b>Jan - Dec 2008*</b>	<b>Dec 2008**</b>	<b>Since Launch April 22, 2006**</b>
	<b>NAFA Cash Fund</b>	<b>10.65%</b>	<b>10.28%</b>	<b>2.92%</b>	<b>0.55%</b>	<b>21.79%</b>
	<b>Benchmark</b>	9.87%	10.07%	12.95%	1.22%	32.80%
	<b>Profit on Rs. 100,000 invested</b>	Rs. 7,299	Rs. 10,279	Rs. 2,928	Rs. 553	Rs. 21,793
* Represents Annualized Return						
** Represents cumulative Return (Returns are net of management fee & all other expenses)						

General Information		Fund Manager's Commentary
Launch Date:	April 22, 2006	<p>NAFA Cash Fund has earned an annualized rate of return of 6.70% in December 2008. The return is low, less than half of what would have been earned, but for the credit rating downgrades of some of the TFC holdings in the cement sector. The management has prudently taken the entire mark-down in one day on Dec 16 (rating downgrade announcement was on Dec 15). This is in stark contrast to what was practiced by other fixed income funds across the industry i.e. they did not provide for it.</p> <p>Recently, liquidity in the financial sector has improved as compared to the previous two months. Many factors contributed to this positive development including IMF loan disbursement, improved sovereign credit rating of Pakistan from CCC to CCC+, SBP measures and relatively stable PKR/USD rates. We expect the economic / liquidity situation to improve, and inflation/ interest rates to decline significantly by June 2009. If this scenario materializes, the 8% or so loss suffered by our investors in last quarter of 2008 is expected to reverse to a large extent.</p> <p>The weighted average rating of the TFCs in the portfolio is AA-, while the maturity is 5.60 years. The yield to maturity (return) in this period is about 22.00% p.a. In other words, for investors who remain invested, the expected return on the TFC portfolio of the Fund is 22.00% per year.</p> <p>TFCs coupons are linked with 6-M KIBOR, which was stable all month and ended at 15.70%. NAFA Cash Fund will maintain its strategy to keep a low duration of its portfolio to minimize any interest rate risk.</p>
Fund Size:	Rs. 10,373 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	
Load:	No entry or exit load	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	1-Month KIBOR	
Fund Manager:	Rukhsana Narejo, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st December 2008)



**Disclaimer:** The price of units may go down as well as up. Please refer to the respective offering document(s).