



National Fullerton
Asset Management Limited

NAFA Cash Fund (NCF)

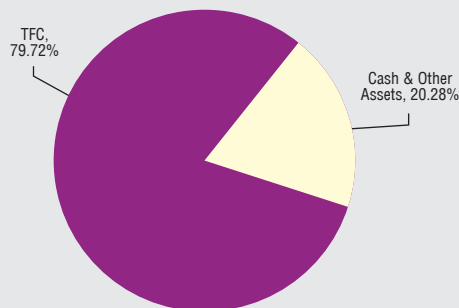
Unit Price (31/01/2010): Rs. 10.0863

January 2010

Investment Objective	Performance						
	Performance (%)	Apr - Dec 2006*	Jan - Dec 2007*	Jan - Dec 2008*	Jan - Dec 2009*	January 2010**	Since Launch April 22, 2006*
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.	NAFA Cash Fund	10.65%	10.28%	2.92%	12.54%	(0.79)%	8.46%
	Benchmark	9.87%	10.07%	12.95%	13.63%	1.06%	11.80%
	* 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 Fund Size: Rs. 4,666 million Type: Open-end – Income Fund Dealing Days: Daily - Monday to Friday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: No entry or exit load Management Fee: 1.5% per annum Risk Profile: Low Fund Stability Rating: "A+ (f)" by PACRA	<p>During the month of January, 2010, the TFC market experienced selling pressure as an income fund resorted to selling due to heavy redemptions. As a result, prices of some TFCs such as Engro, JS and Orix Leasing declined. These TFCs are rated AA, with very low credit risk. Due to the decline in prices, these TFCs are now yielding around 20% p.a., which makes them very attractive. Since all mutual funds are required to use traded prices of TFCs to calculate Net Asset Values of their Funds, the unit price of NAFA Cash Fund declined by 0.79% during January. We believe that this is a temporary phenomenon and the market should correct this anomaly as liquidity eases in the system in the coming months.</p> <p>The State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement announced on January 30, 2010. Many recent macro economic indicators suggest the country is on the path of economic recovery, with challenges in few areas. Positives include improving current account deficit and foreign exchange reserves and limited Govt. borrowing from the State Bank. Month on Month CPI during December 2009 was negative 0.5%, while headline Year on Year inflation was 10.5%. However, we believe this trend may not sustain because of gradual removal of subsidies and recent deteriorating weekly data of Sensitive Price Indicator (SPI) inflation. Expected increase in Foreign Direct Investment and Foreign loans inflows will likely enhance the domestic liquidity enabling prices of financial assets including TFCs to improve. Effects of improved liquidity expectations have caused 6m KIBOR to decline by 20bps during the month to close at 12.23% on January-end.</p>
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 1-Month KIBOR Fund Manager: Irfan Malik, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-	

Asset Allocation (as on 31st January 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Irfan Malik, CFA Ahmad Nouman, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

The weighted average yield to maturity on the TFCs held in NAFA Cash Fund (NCF) is around 15.6% p.a. Overall, your Fund is well positioned to earn attractive returns going forward in line with the last calendar year performance of 12.5%.

Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.