



**National Fullerton
Asset Management Limited**

NAFA Cash Fund (NCF)

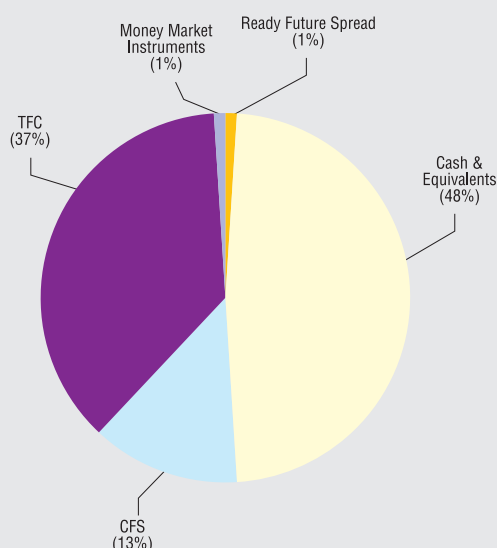
Unit Price (31/07/2008): Rs. 10.1305

July 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.	Annualized Performance (%)*	Apr - Jun 2006 - 2007	Jul - Jun 2007-2008	Jun 2008	Jul 2008	Since Launch April 22, 2006
	NAFA Cash Fund:	10.70%	9.85%	10.69%	11.01%	10.33%
	Benchmark:	9.95%	10.64%	13.62%	13.70%	10.39%
	Monthly profit on Rs. 100,000 invested	Rs. 12,878	Rs. 9,874	Rs. 838	Rs. 891	**Rs. 25,128
* Returns are net of management fee & all other expenses ** Represents cumulative profit since inception						

General Information		Fund Manager's Commentary
Launch Date:	April 22, 2006	NAFA Cash Fund has earned an annualized yield of 11.01% during the month of July, 2008, which is approximately 32 basis points better than the return earned during the last month. NAFA Cash Fund continues to show improvement in its performance on a month-to-month basis. NAFA Cash Fund earned a return of 9.60% in May, 10.69% in June and 11.01% in July 2008. Continuous improvement in NAFA Cash Fund's rate of return is attributable to resetting of Term Finance Certificate's (TFCs) coupons at higher rates. NAFA Cash Fund, being a short duration fund, enjoys the benefit of reinvesting its portfolio at higher rates. NAFA Cash Fund not only benefited from resetting of coupons on the TFC portfolio but also from earning higher return on the new TDRs. We expect that in August 2008 the annualized return on the Fund may exceed 12%.
Fund Size:	Rs. 23,083 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	
Fund Stability Rating:	A(f)	
Performance Rating:	5-Star (JCR-VIS)	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co.	
Benchmark:	1-Month KIBOR	
Fund Manager(s):	Ms. Rukhsana Narejo, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st July 2008)



The State Bank of Pakistan, in yet another move to control the inflation rate, has increased the policy rate (Discount Rate) by 100 basis points to 13.00%. A major reason for the discount rate hike is the Central Bank's concern over higher government borrowing from SBP, which closed at Rs. 689bn during FY08, as against retirement of Rs. 56bn in FY07, which has resulted in Money Supply (M2) growth of 15.4% in FY08.

6-Month KIBOR for the month closed at 13.48% from 14.14% a month earlier. 6-Month KIBOR witnessed a sharp decline after the CEOs of the commercial banks had a meeting with the Governor of Central Bank on 29th July, 2008. CFS Rates also remained under pressure during the month owing to availability of ample liquidity in the market after the June-end liquidity effect was over.

In continuation with its last 3-months trend, NAFA Cash Fund's returns are expected to improve further in future months due to reinvesting of funds at higher rates.

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