



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

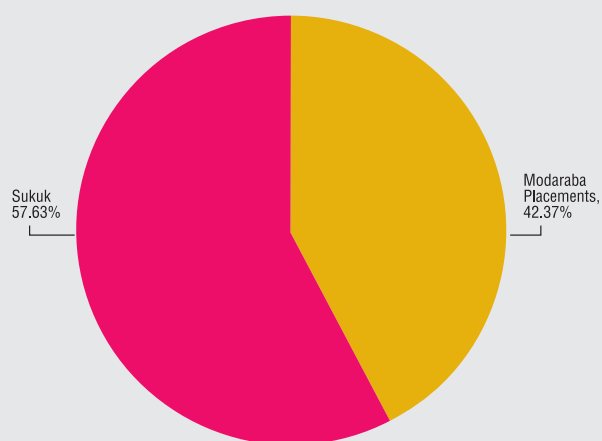
Unit Price (31/08/2008): Rs. 10.2665

August 2008

Investment Objective	Performance					
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	Annualized Performance (%)*	Dec - Feb 2007-2008	Mar - Aug 2008	Jul 2008	Aug 2008	Since Launch October 29, 2007
	NAFA Islamic Income Fund:	8.15%	9.38%	10.34%	10.74%	8.81%
	Benchmark: (Average 1-month deposit rate of Islamic Banks)	5.31%	5.30%	5.31%	5.29%	5.31%
	Profit on Rs. 100,000 invested	Rs. 1,972	Rs. 4,623	Rs. 839	Rs. 871	**Rs. 7,382
	*Returns are net of management fee & all other expenses **Represents cumulative profit since inception					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	During the month of August 2008, NAFA Islamic Income Fund (NIIF) generated an annualized return of 10.74% as against 10.34% during the previous month, thus showing an improvement of 40 basis points. Average annualized return offered by Islamic banks during the month of August 2008 was calculated at 5.29% compared with 5.31% during the last month.
Fund Size:	Rs. 904 million	
Type:	Open-end – Fixed Income Fund	The attached chart shows asset class allocation of the Fund. As of August 31, 2008, allocation in sukuk increased to around 58% of the Fund size from 54% the previous month, whereas, investment in long - term and short - term mudaraba placements is around 42% of the fund size.
Dealing:	Daily	
Settlement:	2-3 business days	In last few months, the effectiveness of the monetary tightening measures by SBP to contain inflation has been limited by higher food inflation as indicated by CPI (food), which was recorded at 17.6% for FY 2008 and 33.8% for the month of July 2008. However, in the month of July 2008, non-food & non-energy components increased significantly, which is indicative of a second round of inflation. In anticipation of higher inflation, we expect the interest rate to remain higher in the near term. During the month of August 2008, 6-month KIBOR increased by 28 basis to close the month at 13.76%. As the profit on the majority of the portfolio is linked to KIBOR, any upward movement will help improve the yield of our Fund due to its short duration.
Load:	Front end - 1.0%	
Management Fee:	1.5% per annum	Going forward, we expect the performance of the Fund to improve further due to resetting of large size of sukuk portfolio at a higher rate.
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	Average 1-month deposit rate of Islamic banks	
Fund Manager:	Sajjad Anwar, CFA	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2008)



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