



# NAFA Islamic Income Fund (NIIF)

**NBP Fullerton  
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (31/08/2010): Rs. 7.9222

August 2010

## Performance

| Performance % *                 | August 2010   | Jan. - Aug. 2010 | Since Launch<br>October 29, 2007 |
|---------------------------------|---------------|------------------|----------------------------------|
| <b>NAFA Islamic Income Fund</b> | <b>24.96%</b> | <b>47.83%</b>    | <b>-0.66%</b>                    |
| <b>Benchmark</b>                | <b>6.32%</b>  | <b>6.35%</b>     | <b>6.15%</b>                     |

\* Represent Annualized Return  
(Returns are net of management fee & all other expenses)

## General Information

|                         |  |
|-------------------------|--|
| Launch Date:            | October 29, 2007   |
| Fund Size:              | Rs. 196 million  |
| Type:                   | Open-end – Shariah Complaint Income fund                               |
| Dealing Days:           | Daily – Monday to Friday   |
| Dealing Time:           | 9:00 A.M to 4:30 P.M   |
| Dealing Time: (Ramadan) | 9:00 A.M to 2:00 P.M   |
| Settlement:             | 2-3 business days  |
| Pricing Mechanism:      | Forward Pricing  |
| Load:                   | Front end: 1.0%  |
| Management Fee:         | 1.5% per annum   |
| Risk Profile:           | Low to Medium  |
| Fund Stability Rating:  | "BBB- (f)" by PACRA  |
| Listing:                | Lahore Stock Exchange  |
| Custodian & Trustee:    | Central Depository Company (CDC)                                       |
| Auditors:               | A. F. Ferguson & Co.   |
| Benchmark:              | Chartered Accountants<br>Average 1-month deposit rate of Islamic Banks |
| Fund Manager:           | Irfan Malik, CFA   |
| Minimum Subscription:   | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-                |
| Asset Manager Rating:   | AM2- by PACRA  |

## Investment Objective

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.

## Fund Manager Commentary

The Fund earned an annualized return of 24.96% during the month of August 2010. Some positive developments have already started on the Sukuk portfolio of your Fund. This is evident from Fund's annualized return of 47.83% since January 2010.

The annual Yield-to-Maturity of Sukuk portfolio of your Fund is 20.35% and the weighted average time to maturity is 3.29 years. Hence for investors with an investment horizon of three to four years, NIIF offers an attractive opportunity to earn handsome returns, as evident by its current annual yield to maturity.

## Detail of Non-Compliant Investments

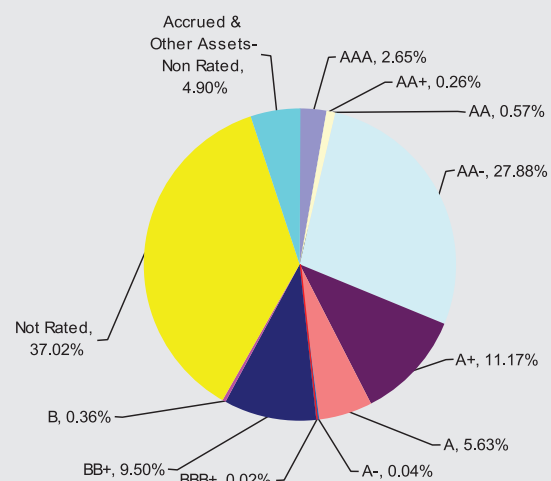
| Name of Non Complaint Investment | Type of Investment | Value of Investments before Provision | Provision held    | Value of Investments after Provision | % of Net Assets | Yield to Maturity per Annum |
|----------------------------------|--------------------|---------------------------------------|-------------------|--------------------------------------|-----------------|-----------------------------|
| Kohat Cement Limited             | Sukuk              | 96,600,000                            | 24,150,000        | *72,450,000                          | 37.02%          | 24.86%                      |
| Maple Leaf Cement Sukuk 1        | Sukuk              | 26,548,712                            | 7,956,712         | 18,592,000                           | 9.50%           | 23.59%                      |
| Maple Leaf Cement Sukuk 2        | Sukuk              | 996,000                               | 298,800           | 697,200                              | 0.36%           | 40.25%                      |
| <b>Total</b>                     |                    | <b>124,144,712</b>                    | <b>32,405,512</b> | <b>91,739,200</b>                    | <b>46.87%</b>   |                             |

\* Book Value, performing but below investment grade

## Asset Allocation %

|                                     | 31-Aug-10 | 31-Jul-10 |
|-------------------------------------|-----------|-----------|
| Sukuk                               | 85.61%    | 86.34%    |
| GOP Ijara Sukuk                     | 2.60%     | 2.64%     |
| Cash Equivalents & Other Net Assets | 11.79%    | 11.02%    |
| Total                               | 100.00%   | 100.00%   |
| Leverage                            | Nil       | Nil       |

## Credit Quality of the Portfolio (% of Net Assets)



## TFC/SUKUK Holdings (% of Net Assets)

|                           |        |
|---------------------------|--------|
| Kohat Cement              | 37.02% |
| Engro Chemical Sukuk      | 27.60% |
| Pak Electron Limited      | 11.13% |
| Maple Leaf Cement Sukuk   | 9.50%  |
| GOP Ijarah Sukuk          | 2.60%  |
| Maple Leaf Cement Sukuk 2 | 0.36%  |

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Irfan Malik, CFA  
Ahmad Nouman, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM

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