



**National Fullerton
Asset Management Limited**

NAFA Islamic Income Fund (NIIF)

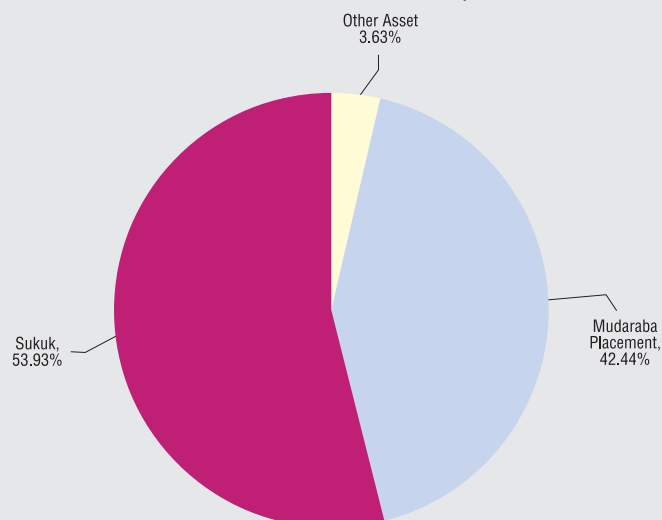
Unit Price (31/07/2008): Rs.10.1779

July 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 (%)*	Oct - Dec 2007	Jan - Jun 2008	Jun 2008	Jul 2008	Since Launch October 29, 2007
	NAFA Islamic Income Fund:	7.67%	8.62%	9.35%	10.34%	8.59%
	Benchmark: (Average 1-month deposit rate of Islamic Banks)	5.31%	5.31%	5.31%	5.31%	5.31%
	Profit on Rs. 100,000 invested	Rs. 1,304	Rs. 4,209	Rs. 738	Rs. 839	**Rs. 6,455
*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	NAFA Islamic Income Fund (NIIF) offered an annualized return of 10.34% during the month of July 2008 compared with 9.35% during the last month, translating into an improvement of 99 basis points. Annualized return of 10.34% generated by NIIF during the outgoing month is 5.03% better than the one-month average deposit rate (annualized) of 5.31% offered by the Islamic banks.
Fund Size:	Rs. 1,013 million	
Type:	Open-end – Fixed Income Fund	SBP in continuation of tight monetary stance to curb the inflation, increased the discount rate by 1% to 13% from 12% in its monetary policy statement for the 1st half of FY 2009. 6-month KIBOR, after touching a high of 14.37%, closed the month with 13.48%. With the increase in the discount rate the T-bill rate inched up, which will help the SBP to mop up the excessive liquidity from the market that may firm the KIBOR going forward.
Dealing:	Daily	
Settlement:	2-3 business days	
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	The attached chart shows asset class allocation of the Fund. As of July 31, 2008, around 54% of the Fund size is invested in sukuk, whereas long-term and short-term mudaraba placements constitute around 42% of the Fund size. We are maintaining liquidity for the disbursement in sukuk of good credit quality and high yield expected in the upcoming month.
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(s)	Sajjad Anwar, CFA	Going forward, we expect the continuation of improvement in the performance of our Fund due to: (i) reset of our remaining sukuk portfolio at higher rates; (ii) increase in allocation in the sukuk portfolio; and (iii) better profit rates on the mudaraba placements.
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st July 2008)



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