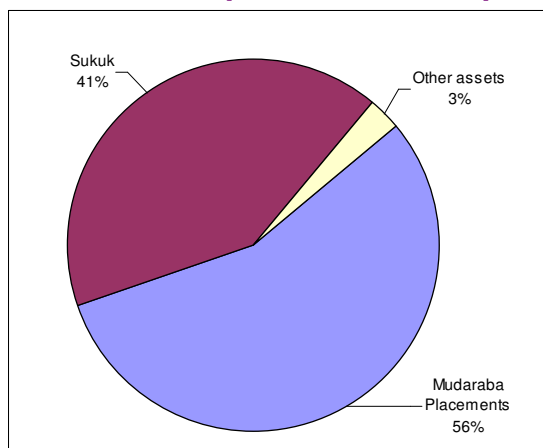


Investment Objective	Performance				
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	Annualized Performance (%)	December	January	February	Since Launch October 29, 2007
	<b>NAFA Islamic Income Fund:</b>	7.64%	7.90%	8.05%	7.76%
	<b>Benchmark:</b>	5.18%	5.19%	5.19%	5.22%
	<b>Profit on Rs. 100,000 invested</b>	Rs. 649	Rs. 671	Rs. 639	Rs. 2,637
<i>* Returns are net of management fee &amp; all other expenses</i>					

General Information		Fund Manager Commentary
Launch Date:	October 29, 2007	NAFA Islamic Income Fund (NIIF) has generated annualized return of 8.05% in the month of February compared with 7.90% in the previous month, translating in an improvement of 15 basis points. During February, the annualized rate of return offered by your Fund is 2.86% higher than that of annualized average return of 5.19% of the Islamic Banks. The Fund size has grown by around 18% during the month to reach 1.127 billion from 957 million last month.
Fund Size:	Rs. 1.127 billion	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	In line with the objective of the Fund to offer reasonable rate of return and preservation of capital, portfolio allocation has been in diversified asset classes including sukuks, mudaraba placements and spread transactions. As of February 29, 2008 sukuks comprised 41% of the Fund size as against 42% in the previous month. This decrease in investment in sukuks has been due to the increase in the Fund size. Mudaraba placements - short term and long term - account for 56% of the Fund size as compared with around 55% in the last month. We intend to further increase investment in high yielding and good credit quality sukuks.
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	
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	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

**Asset Allocation (as on 29<sup>th</sup> February 2008)**



During the outgoing month spread remained narrow on the RFS transactions due to relatively lower buying interest in the future leg of transaction. Recently profit rate on the mudaraba placement has seen improvement due to increase in KIBOR that would positively impact our existing as well as new investments.

Going forward, we expect further improvement in the return on our Fund on the back of disbursement of some high yielding and good credit rating sukuks, higher return on mudaraba placements and better return on spread transactions.

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

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*Your investments & "NAFA" grow together*



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