

## NAFA Income Fund (NIF)

Unit Price (28/02/2010): Rs. 10.4435

February 2010

Investment Objective	Performance					
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	Performance (%)	Mar - Dec 2008*	Jan - Dec 2009*	January 2010**	February 2010*	Since Launch March 29, 2008**
	NAFA Income Fund	(2.04)%	13.50%	(1.06)%	9.45%	11.32%
	Benchmark	12.53%	13.18%	1.02%	12.76%	26.25%
	* Represents Annualized Return  ** Represents Cumulative Return  (Returns are net of management fee & all other expenses)					

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General		
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Launch Date:
Fund Size:
Type:
Dealing Days:
Settlement:
Pricing Mechanism:
Load:
Management Fee:
Risk Profile:
Fund Stability Rating:

Listing: Custodian & Trustee: Auditors:

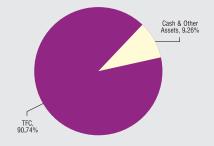
Benchmark: Fund Manager: Minimum Subscription:

Asset Manager Rating

March 29, 2008
Rs. 611 million
Open-end – Income Fund
Daily – Monday to Friday
2-3 business days
Forward Pricing
Front end: 1.0%
1.5% per annum
Low
"A(f)" by PACRA

Lahore Stock Exchange
Central Depository Company (CDC)
A. F. Ferguson & Co. Chartered
Accountants
3-Month T-Bills
Ahmad Nouman, CFA
Growth Unit: Rs. 10,000/Income Unit: Rs. 100,000/AM2- by PACRA

## Asset Allocation (as on 28th February 2010)



Leverage: (Amount of leveraging / borrowing done by the Fund.)

Nil

Name of the Members of Investment Committee:

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

## **Fund Manager's Commentary**

During the month of February 2010, your Fund earned an annualized return of 9.45%. Trading in TFC market during the month improved and prices have started showing signs of recovery. Liquidity as well as appetite for TFCs is expected to improve further in the coming month. Positives on the liquidity front include partial disbursement of coalition support fund of US\$ 349 million during February and further assistance of around US\$ 2.0 billion is expected in the current fiscal year.

In January, the State Bank of Pakistan kept the policy rate unchanged at 12.5% in its Monetary Policy Statement. Next Monetary Policy Statement is due in March 2010. Lower current account deficit and trade deficit coupled with higher remittances have gradually improved the forex reserves. Furthermore, government borrowing from the State Bank remained in check. These, among other macro economic indicators, suggest the country is on the path of gradual economic recovery, with challenges in few areas. Inflation stood at 10.30% from July to December 2009 and is expected to be around 12% annualized during the current fiscal year. Due to gradual removal of subsidies, Month-on-Month (CPI) during January 2010 was 2.40%. However, recent improvements in weekly data of Sensitive Price Indicator (SPI) indicate that inflation is expected to ease during February.

6-Month KIBOR increased by 20bps during the month to close at 12.43% on February-end. The major reason was the spike in rates towards the end of the month due to a large size T-bill auction which has had a temporary impact on T-bill rates.

The weighted average yield to maturity on the TFCs held in NAFA Income Fund is around 21.86% p.a. The weighted average maturity of the TFC portfolio is 3.03 years and the weighted average rating of the TFC portfolio is A.

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.