



**National Fullerton
Asset Management Limited**

NAFA Income Fund (NIF)

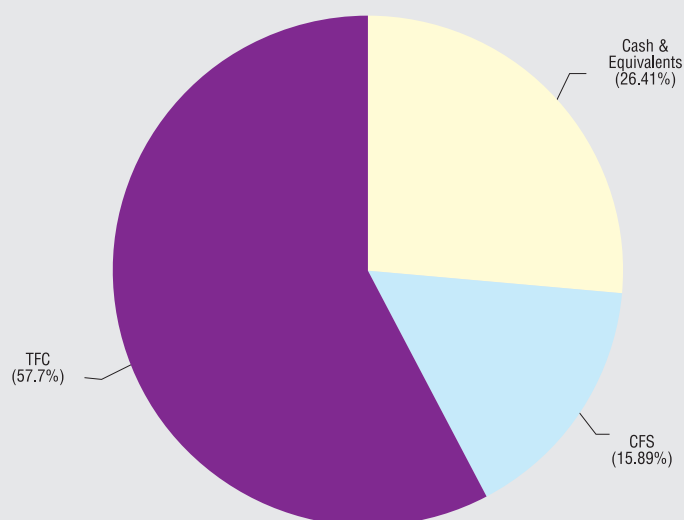
Unit Price (31/07/2008): Rs. 10.0844

July 2008

Investment Objective	Performance				
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	Annualized Performance (%)*	Mar - Jun 2008	Jun 2008	July 2008	Since Launch March 29, 2008
	NAFA Income Fund:	8.43%	8.56%	10.26%	8.88%
	Benchmark:	10.87%	11.95%	12.41%	11.25%
	Profit on Rs. 100,000 invested	Rs. 2,107	Rs. 677	Rs. 833	**Rs. 2,957
* Returns are net of management fee & all other expenses ** Represents cumulative profit since inception					

General Information		Fund Manager's Commentary
Launch Date:	March 29, 2008	<p>During the month of July 2008, NAFA Income Fund has earned an annualized return of 10.26%, which is 170 basis points better than the return earned in the month of June, 2008. NAFA Income Fund continues to show improvement in its performance on a month-to-month basis. NAFA Income Fund earned a return of 7.89% in May, 8.56% in June and 10.26% in month of July. Improvement in performance is attributable to resetting of coupons at higher rates due to higher KIBOR rates in comparison to last coupon reset. Also, the Fund is investing in Term Deposit Receipts (TDR) at higher rates.</p> <p>The Central Bank of Pakistan, in continuation with tightened monetary policy stance, has increased the discount rate by 1% to 13%. The reasons given for the increase in policy rate are substantial government borrowings from the Central Bank, as well as massive rise in the inflation rate.</p> <p>6-Month KIBOR during the month has decreased to 13.48% from 14.14% a month earlier. KIBOR decreased after the CEOs of the Commercial Banks held a meeting with the Central Bank Governor where they were told to check the misalignment between KIBOR Rates and policy rates.</p> <p>The attached Chart shows the asset allocation. As of July 31, 2008 allocation in TFCs, Cash and Equivalents and CFS are 57.70%, 26.41% and 15.89% of the Fund size respectively.</p> <p>CFS and money market rates remained under pressure during the month as the liquidity pressure eased after the June-end effect was over. CFS Rates settled at 14.76% and activity in CFS remained dull due to lower volumes in the equity market.</p> <p>We expect the return of NAFA Income Fund to continue to improve as we keep on investing funds at higher rates, taking advantage of lower duration of the Fund.</p>
Fund Size:	Rs. 1,592 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	
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.	
Benchmark:	3-Month T-Bills	
Fund Manager(s):	Ms. Rukhsana Narejo, CFA	
Minimum 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 the respective offering document(s).