



National Fullerton
Asset Management Limited

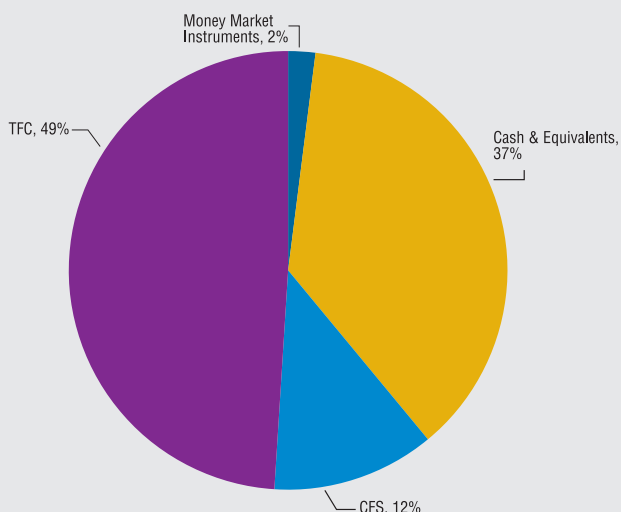
NAFA Income Fund (NIF)

Unit Price (31/05/2008): Rs. 10.1420

Investment Objective	Performance			
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	Annualized Performance (%)*	April 2008	May 2008	Since Launch March 29, 2008
	NAFA Income Fund:	9.1%	7.9%	8.4%
	Benchmark:	10.1%	10.6%	10.4%
	Monthly profit on Rs. 100,000 invested	Rs. 717	Rs. 647	**Rs. 1,420
* Returns are net of management fee & all other expenses ** Represents cumulative profit since inception				

General Information	Fund Manager's Commentary
<p>Launch Date: March 29, 2008 Fund Size: Rs. 2.561 billion Type: Open-end – Fixed Income Fund Dealing: Daily Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum</p>	<p>NAFA Income Fund, during the month, has earned an annualized return of 7.90%. NAFA Income Fund has focused its investment in Term Finance Certificates (TFCs). In just two months since its launch, its TFC portfolio has increased to 49.00% of the Fund Size.</p>
<p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. 3-Month T-Bills Benchmark: Ms. Rukhsana Narejo Fund Manager: Growth Unit: Rs. 10,000/- Minimum Subscription: Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st May 2008)



The State Bank of Pakistan, keeping in view the rising inflation due to higher aggregate demand in domestic economy and higher government borrowing from the Central Bank, has increased the Discount Rate by 1.50% to 12.00%. Another step taken by the Central Bank to check money supply, as a result of direct government borrowing, was to increase to CRR and SLR rates by 1.00% each to 9.00% and 19.00% respectively.

Effects of increase in Discount Rate, CRR and SLR rates were observed in all investment avenues. Liquidity crunch was witnessed due to the above changes had its worst effect on liquidity of the banking industry. Subsequent to change in the above rates, banks were seen borrowing at extraordinarily high rates of 25.00% to 30.00%.

Liquidity crunch has positively affected CFS as well as KIBOR rates. CFS rates and KIBOR rates touched peaks of 23.00% and 13.93% respectively during the month.

NAFA Income Fund would benefit from the above-mentioned changes in the market as it has a short duration with its investment concentrated in floating rate TFCs, CFS, Ready Future Spread and bank deposits. We expect the return on the fund to improve going forward.

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