



National Fullerton
Asset Management Limited

NAFA Income Fund (NIF)

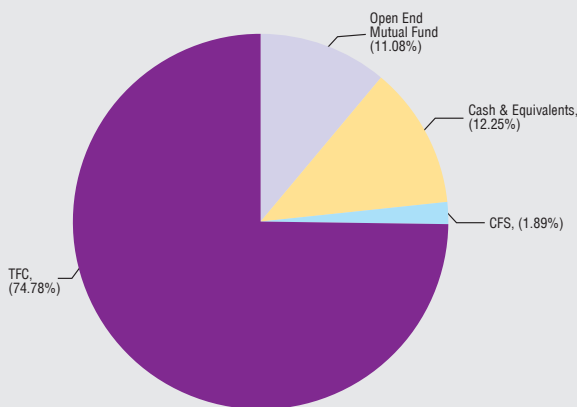
Unit Price (30/11/2008): Rs. 9.2895

November 2008

Investment Objective	Performance					
	Performance (%)*	Apr - Jun 2008*	Jul - Sep 2008*	Oct 2008*	Nov 2008**	Since Launch March 29, 2008***
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	NAFA Income Fund	8.50%	11.06%	14.37%	(8.19)%	(2.64)%
	Benchmark	10.89%	12.90%	13.31%	1.10%	8.19%
	Profit on Rs. 100,000 invested	Rs. 2,055	Rs. 2,680	Rs. 1,147	Rs. (8,193)	Rs. (2,643)
	* Represents Annualized Return ** Represents cumulative Return for the month only *** Represents cumulative Return since inception (Returns are net of management fee & all other expenses)					

General Information	Fund Manager's Commentary
Launch Date: March 29, 2008 Fund Size: Rs. 1,193 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	<p>During the month of November 2008, NAV of NAFA Income Fund (NIF) has declined by 8.19%. This was because of SECP's November 5th Circular directing all Asset Management Companies (AMCs) to mark-down their Term Finance Certificates (TFCs) portfolio. The mark-down was linked to credit ratings and ranged from 5.00% to 30.00%. This order of SECP can be traced to the liquidity shortage in the financial sector.</p> <p>On the flip side, this has provided a very lucrative opportunity to: (i) existing unit holders to increase their investment in NIF; and (ii) new investors, as future expected returns are now even higher at current unit prices.</p>
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Benchmark: 3-Month T-Bills Fund Manager: Mr. Ahmad Nouman Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 30th November 2008)



For the confidence and education of our investors, we would like to explain that the issuers of TFCs in our portfolio will still repay the same amount to your Fund as promised earlier. However, due to the short-term liquidity shortage in the financial sector TFCs' prices are temporarily depressed, so is your Fund's NAV. With same coupon streams, this implies higher yields and enhanced expected return. Another comforting factor is the Government guarantee on all TFCs rated 'A' and above for one year. The weighted average credit rating of the TFCs' portfolio in your Fund is 'AA-' which signifies very high credit quality.

After receiving the IMF loan, Pakistan's Balance of Payments situation is much more secure. Going forward, loans from multi-lateral agencies like World Bank, ADB and expected Foreign Direct Investment will stabilize the domestic liquidity situation. This is likely to result in TFC prices reversing to their previous levels in due course of time.

During the month, the State Bank of Pakistan (SBP) increased the Discount Rate to 15.00% from 13.00%. 6-M KIBOR has accordingly increased to 15.67% from 15.10% a month earlier. This indicates higher future returns for your Fund, as TFCs' coupons will be reset at higher KIBOR level.

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