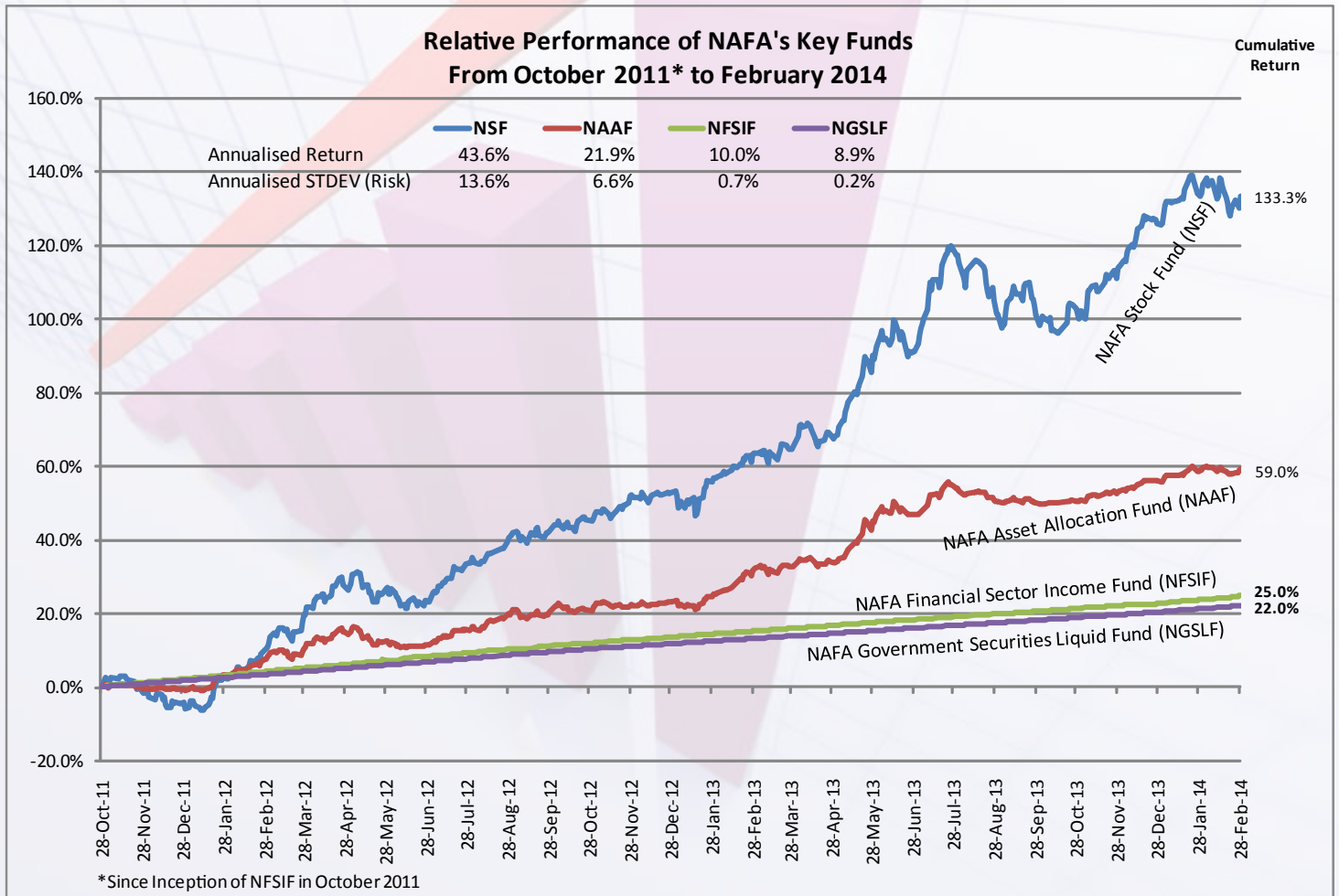




NBP Fullerton  
Asset Management Ltd.  
A Subsidiary of  
National Bank of Pakistan

# Fund Manager Report

## February 2014



Note: Detailed monthly reports on NAFA Funds are available on our website at [www.nafafunds.com](http://www.nafafunds.com)

Managed by:  
NBP Fullerton Asset Management Limited

7<sup>th</sup> Floor Clifton Diamond Building, Block No. 4, Scheme No. 5,  
Clifton Karachi. Helpline (Toll Free): 0800-20001 Fax: (021) 35825329  
UAN (Khi/Lhr/Isb): 111-111-NFA (111-111-632)  
Website: [www.nafafunds.com](http://www.nafafunds.com)  
Email: [info@nafafunds.com](mailto:info@nafafunds.com)

Your investments & "NAFA" grow together



Joint - Venture Partners



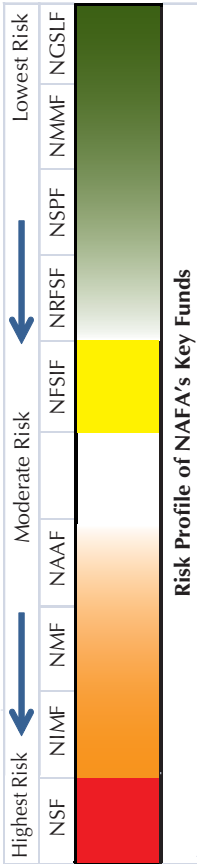
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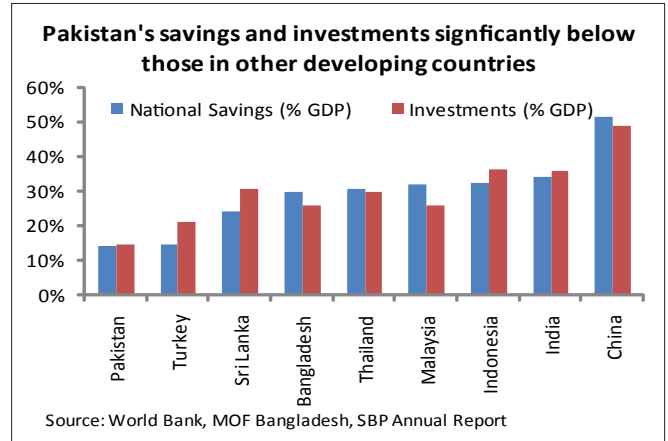
"February 2014"

|  |       | Fund Name                              | Fund Size<br>(Rs. In Crore) | Stability<br>Rating | February<br>- 2014 | FYTD -<br>2014 | FY -<br>2013 | FY -<br>2012 | FY -<br>2011 |
|--|-------|--|-----------------------------|---------------------|--------------------|----------------|--------------|--------------|--------------|
|  |       | <b>Fixed Income Funds</b>              | <b>Annualized Returns</b>   |                     |                    |                |              |              |              |
| Lowest Risk  | NCSLF | NAFA Government Securities Liquid Fund | 1,601                       | AAA (f)             | 8.24%              | 7.73%          | 8.67%        | 10.86%       | 11.46%       |
|  | NMMF  | NAFA Money Market Fund                 | 1,073                       | AA (f)              | 8.24%              | 7.86%          | 9.16%        | n/a          | n/a          |
|  | NSPF  | NAFA Savings Plus Fund                 | 287                         | AA- (f)             | 7.86%              | 7.70%          | 8.77%        | 11.01%       | 10.64%       |
|  | NRFSS | NAFA Riba Free Savings Fund            | 301                         | AA- (f)             | 8.07%              | 7.65%          | 8.73%        | 10.80%       | n/a          |
|  | NFSIF | NAFA Financial Sector Income Fund      | 275                         | A+ (f)              | 12.12%             | 8.36%          | 9.28%        | n/a          | n/a          |
|  |       | <b>Equity Related Funds</b>            | <b>Cumulative Returns</b>   |                     |                    |                |              |              |              |
|  | NAAF  | NAFA Asset Allocation Fund             | 140                         |                     | -0.29%             | 8.30%          | 31.94%       | 14.38%       | n/a          |
|  | NMF   | NAFA Multi Asset Fund                  | 92                          |                     | -0.34%             | 14.26%         | 34.14%       | 15.54%       | 25.30%       |
|  | NIMF  | NAFA Islamic Multi Asset Fund          | 36                          |                     | -0.59%             | 9.93%          | 36.25%       | 13.26%       | 28.44%       |
|  | NSF   | NAFA Stock Fund                        | 131                         |                     | -1.39%             | 22.15%         | 54.93%       | 21.98%       | 28.37%       |
| n/a = Not applicable.<br>- Return is reported where full period performance is available.  |       |  |                             |                     |                    |                |              |              |              |
| <i>Note: Detailed monthly reports on NAFA Funds are available on our website at <a href="http://www.nafafunds.com">www.nafafunds.com</a></i> |       |  |                             |                     |                    |                |              |              |              |



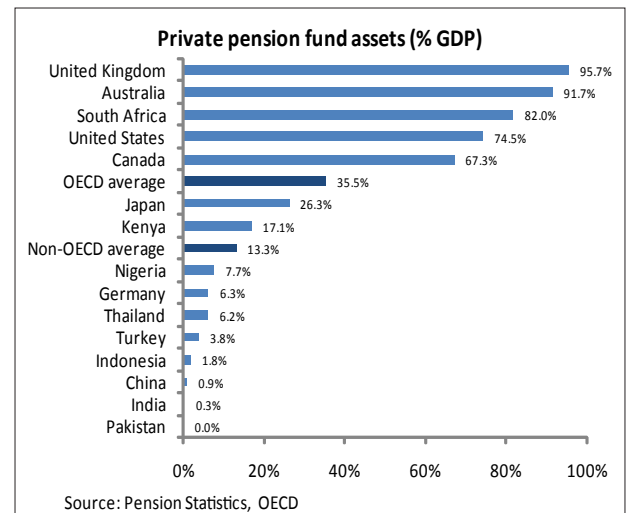
## Pakistan's Low Savings Rate

Domestic Savings are an important determinant of economic growth of a country because higher savings lead to higher investment in productive capacity of the economy, which in turn results in faster GDP growth. To attain high level of growth, economies with low domestic saving rate have to rely on foreign sources. Much of the difference in economic performance between Pakistan and other developing countries over the last few years could be attributed to low rates of savings and investment in Pakistan. As depicted in the following graph, Pakistan's national savings and investment rates are much lower than those of other developing countries. More alarmingly, savings and investments are on the declining path to critically low levels in the last few years. National savings currently stand at just 13.8% of GDP, less than half the level in Bangladesh and about one-third of India. Research shows that financial deepening increases the domestic savings.



This lowers the borrowing cost which stimulates investments. Lower savings rate in low income countries such as Pakistan is attributed to the financial repression (keeping the interest rate at artificially low level). High real interest rate induces savings, which in turn increases investment leading to higher economic growth. Public savings have declined due to widening fiscal deficits and heavy losses incurred by State-owned enterprises. Private savings are low because of the following:

1. Negative inflation-adjusted return on most of the savings products particularly bank deposits.
2. Lower financial deepening due to lack of awareness about and restricted access to alternate saving/financial products such as stocks, mutual funds, bonds etc.
3. Due to cultural reasons, a large number of people keep their savings in the form of livestock, gold, and local and foreign currency in their home and lockers.
4. Low level of contractual savings in Pakistan. Existing occupational saving and pension schemes exist predominantly for some government and private sector corporate employees. The federal and provincial governments are only marginally funding pensions of their employees. These underfunded pensions liabilities of government employees are estimated in trillions of rupees, and could result in huge financial crisis in the country in the coming years. Most companies in the private sector are also not funding gratuity payments of their employees. If some of these companies go bankrupt the employees will be left with no pension benefits. According to the latest OECD global pension statistics, private pension assets in Pakistan form less than 0.1% of GDP compared to 35.5% for OECD countries and 13.3% for non-OECD countries.



At present, Pakistan's economy is facing formidable infrastructure bottlenecks and capacity constraints as investments as a percentage of GDP have dropped from 19.2% in 2008 to 14.2% in 2013. The above has capped economic growth to less than 3.0% per annum on an average during the last 5 years. Theoretically speaking, in order to raise GDP growth to 7%, the investment/GDP ratio has to be increased to 28%, assuming an Incremental Capital Output Ratio (ICOR) of 4 times. The regulations should be passed where governments start funding their employees' pension benefits immediately. Also, regulation should force private sector companies to fund gratuities/pensions of their employees. Efforts should also be made to enhance the savings rate in line with rising investment requirements of the economy via financial deepening, attracting foreign remittances, improving real interest rates, and enhancing awareness of savings products and avenues.



February 2014

## Stock Market Review

During the month of February, the stock market trimmed the gains of January 2014 amid concerns over domestic security situation, net selling by the foreign institutional investors, and subdued overall earnings reports. By the numbers, KSE 100 Index lost around 4% during the outgoing month led by the Food Producers, Electricity and General Industrials sectors. Concerns over domestic security situation intensified following start of targeted military operation against TTP in North Waziristan that dampened investors' interest in the market. In the ongoing results season, some key companies posted earnings and payouts below market expectations that also unnerved the investors. Further, second and third tier stocks with stretched valuations have been hammered following the announcement of unimpressive earning reports. Foreign institutional investors were net seller in the market during most of the month in line with the sell-off in the emerging market on the continuation of Fed tapering. Benign inflation and interest rate outlook and materialization of US\$ 350 million inflows on account of CSF partly countered the negative sentiments in the market. Net foreign flows were recorded at US\$ 10 million against US\$ 32 million in the previous month. Average Daily Trading volumes stood at 237 million shares.

Oil & Gas, Chemicals, Construction & Material, and Fixed Line Communication sectors performed better than the market, while Banking, Food Producers, Personal Goods, Electricity and General Industrials sectors lagged the market during the month. Healthy earnings and payouts coupled with sanguine earnings outlook attracted investors towards the Cement sub-sector. Robust growth in the bottom line of a key fertilizer company amid better availability of gas resulted in robust performance of the fertilizer sub-sector. Earnings reports of majority of food producer companies with stretched valuation trailed market expectations resulting in heavy selling by the investors. Disappointing earnings and payouts by the selected power companies kept investors from the electricity sector.

The market is trading at 8.5X times estimated earnings and offers 5.9% dividend yield. Corporate earnings are forecasted to grow at around 20% over the next year. Going forward, the stock market is likely to take direction from foreign inflows, inflation & interest rate outlook, global liquidity conditions, domestic security situation and progress on the domestic reforms agenda.

## Fixed Income Review

Inflation as measured by the CPI for Feb 14 is expected to clock in at 8%. Benign near-term inflation outlook suggests that the full year CPI is likely to remain below the SBP target level of 10%-11%. However, SBP is likely to maintain the policy rate at current level to spur private sector credit off-take and offer positive real returns to the savers which is extremely critical given the abysmally low level of FX reserves and resultant pressures on the Pak rupee. Due to ceiling on borrowing from SBP under the structural benchmarks agreed with IMF and subdued foreign inflows, the government is heavily relying on commercial banks for the deficit financing. With pick up in private sector credit, the government and the private sector are now competing for the limited liquidity from the banking system resulting in upward pressures on the money market yields.

In the two T-Bills auctions during the month, MoF accepted Rs 365 billion (realized amount) against the target of Rs 800 billion and maturity of Rs 658 billion. The cut-off annualized yields for the last T-Bill auction came at 9.96% and 9.98% for 3 and 6 month tenors respectively while bids for 12 months were rejected. T-Bills auction bid pattern remained skewed towards the 3-month as compared to 6 and 12 months. In PIB auction during the month, an amount of Rs. 241 billion was accepted against the target of Rs. 60 billion at cut-off yields of 12.10%, 12.55% and 12.91% in the 3 year, 5 year and 10 year respectively, while no bids were received in 20 year tenor. The bid pattern witnessed a major skew towards 3 year tenor followed by 5 and 10 year tenors respectively.

We have repositioned the portfolio allocation of our money market and fixed income funds based on the developments in the capital market and our inflation and interest rate outlook.

## Our Contacts

**Contact our Investment Consultant for free Investment advice**  
Helpline (Toll Free): 0800-20001 or UAN: 111-111-632 (nfa)  
Email: [info@nafafunds.com](mailto:info@nafafunds.com)  
[www.nafafunds.com](http://www.nafafunds.com)

*Disclaimer: This publication is for informational purpose 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.*



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 10.0385

February 2014

**Performance**

| Performance %                          | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 -Feb 14 * | Since Launch May 16, 2009** |
|--|-----------------|---------------------------|-------------------------------------|-----------------------------|
| NAFA Government Securities Liquid Fund | 8.24%           | 7.73%                     | 7.88%                               | 10.06%                      |
| Benchmark                              | 8.91%           | 8.33%                     | 8.44%                               | 10.16%                      |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

**General Information**

Launch Date: May 16, 2009  
Fund Size: Rs. 16,012 million  
Type: Open-end – Money Market Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 0%, Back end: 0%  
Management Fee: 10% of Gross Earnings (Min 1% p.a., Max 1.25% p.a. of Average Annual Net Assets)  
Risk Profile: Exceptionally Low  
Fund Stability Rating: "AAA (f)" by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: "KPMG Taseer Hadi & Co.  
Chartered Accountants  
Benchmark: 70% 3-Month T-Bills & 30% average 3-Month deposit rates (AA & above rated banks)  
Fund Manager: Muhammad Ali Bhabha, CFA, FRM  
Minimum Growth Unit: Rs. 10,000/-  
Subscription: Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

**Investment Objective**

To generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities.

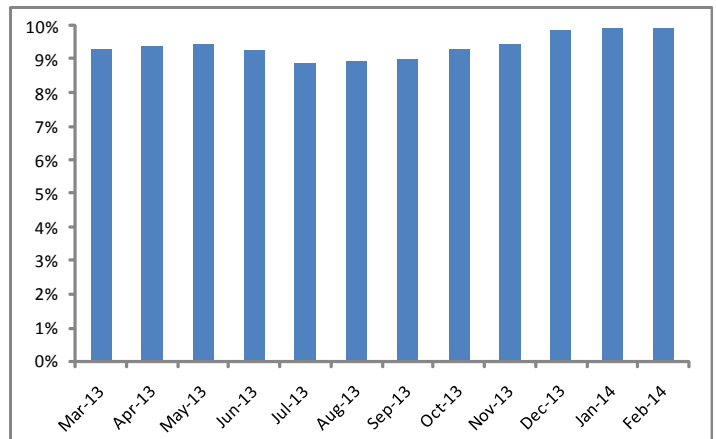
**Fund Manager Commentary**

The Fund earned an annualized return of 8.2% during February 2014 versus the benchmark return of 8.9%. The annualized return for FYTD is 7.7% against the benchmark return of 8.3%. The return generated by the Fund is net of management fees and all other expenses.

NGSLF's stability rating is 'AAA (f)' awarded by PACRA. NGSFLF is the largest Fund in Pakistan in this rating category. The rating reflects exceptionally strong credit and liquidity profile of the Fund. Average daily allocation for the last 365 days in short-term T-Bills was around 81% of the Fund size. While at the end of the month, T-Bills comprised around 80% of the Total Assets and 81% of Net Assets. Weighted average time to maturity of the Fund is 41 days.

We are deploying our funds in slightly longer maturities to take full advantage of upward movement in the yield curve.

Monthly average yield of 3-month T-Bills for the last 12 months



**Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-14**

|                             |                |                |
|-----------------------------|----------------|----------------|
| T-Bills                     | 80.02%         | 80.66%         |
| Placements with Banks       | 9.29%          | -              |
| Placements with DFIs        | 8.05%          | 8.45%          |
| Cash Equivalents            | 2.45%          | 10.69%         |
| Other including receivables | 0.19%          | 0.20%          |
| <b>Total</b>                | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                    | Nil            | Nil            |

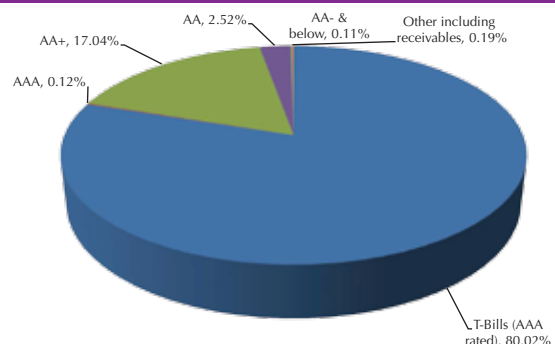
**WORKERS' WELFARE FUND (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 98,665,504/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0619/0.66%. For details investors are advised to read note 11 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA

**Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)**



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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 10.0019

February 2014

## Performance

| Performance %          | February 2014* | FYTD Jul 2013 - Feb2014* | Trailing 12 Months Mar 13 -Feb 14 * | Since Launch February 24, 2012** |
|------------------------|----------------|--------------------------|-------------------------------------|----------------------------------|
| NAFA Money Market Fund | 8.24%          | 7.86%                    | 8.07%                               | 9.02%                            |
| Benchmark              | 7.19%          | 6.76%                    | 6.68%                               | 6.85%                            |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

|                        |   |
|------------------------|---|
| Launch Date:           | February 24, 2012   |
| Fund Size:             | Rs. 10,725 million  |
| Type:                  | Open-end – Money Market Fund  |
| Dealing Days:          | Daily – Monday to Saturday  |
| Dealing Time:          | (Mon - Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M<br>(Saturday) 9:00 A.M to 1:00 P.M                  |
| Settlement:            | 2-3 business days   |
| Pricing Mechanism      | Forward Pricing   |
| Load:                  | Front end: without Life Insurance 0.5%, with Life Insurance 5% (Nil on investment above Rs. 16 million), Back end: 0% |
| Management Fee:        | 1.00% per annum   |
| Risk Profile:          | Very Low  |
| Fund Stability Rating: | "AA (f)" by PACRA   |
| Listing:               | Lahore Stock Exchange   |
| Custodian & Trustee:   | Central Depository Company (CDC)  |
| Auditors:              | "A. F. Ferguson & Co<br>Chartered Accountants   |
| Benchmark:             | 3-Month deposit rates (AA & above rated banks)  |
| Fund Manager:          | Salman Ahmed  |
| Minimum Subscription:  | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-   |
| Asset Manager Rating:  | AM2 by PACRA (Very High Investment Management Standards)  |

## Investment Objective

To provide stable income stream with preservation of capital by investing in AA and above rated banks and money market instruments.

## Fund Manager Commentary

The Fund earned an annualized return of 8.2% during February 2014 versus the benchmark return of 7.2%, thus registering an outperformance of 1.0% p.a. Since the launch of the Fund in February 2012, the Fund has outperformed its benchmark by 2.1% p.a. by earning an annualized return of 9.0%. This outperformance is net of management fee and all other expenses.

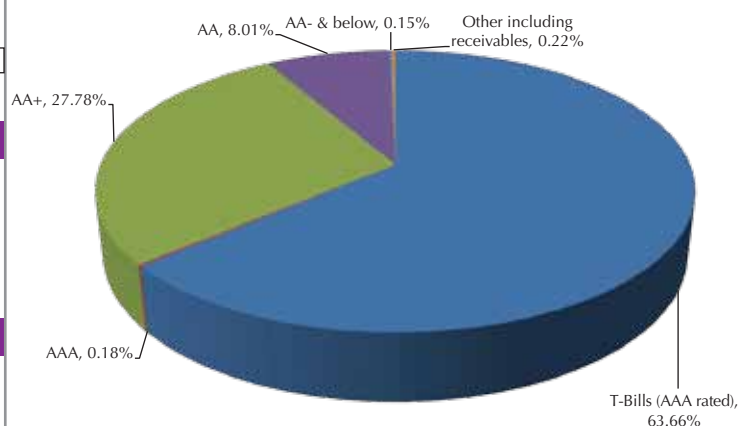
Being a money market scheme, the Fund has very restrictive investment guidelines. The authorized investments of the Fund include T-Bills, Bank Deposits and Money Market instruments. Minimum eligible rating is AA, while the Fund is not allowed to invest in any security exceeding six months maturity. The weighted average time to maturity of the Fund cannot exceed 90 days. The Fund is rated AA(f) by PACRA which denotes a very strong capacity to maintain relative stability in returns and very low exposure to risks.

The allocation of the Fund in Treasury Bills is around 64% at month-end. The weighted average time to maturity of the Fund is 38 days. We are deploying our funds in slightly longer maturities to take full advantage of upward movement in the yield curve. We are monitoring the capital market expectations and will rebalance the portfolio accordingly.

## Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13

|                              |         |         |
|------------------------------|---------|---------|
| T-Bills                      | 63.66%  | 84.75%  |
| Placements with Banks        | 18.48%  | -       |
| Placements with DFIs         | 11.09%  | 11.29%  |
| Cash Equivalents             | 6.55%   | 3.69%   |
| Others including receivables | 0.22%   | 0.27%   |
| Total                        | 100.00% | 100.00% |
| Leverage                     | Nil     | Nil     |

## Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)



## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 61,264,328/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0571/0.62%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Salman Ahmed

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 10.0394

February 2014

## Performance

| Performance %          | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 -Feb 14 * | Since Launch November 21, 2009** |
|------------------------|-----------------|---------------------------|-------------------------------------|----------------------------------|
| NAFA Savings Plus Fund | 7.86%           | 7.70%                     | 7.88%                               | 9.76%                            |
| Benchmark              | 7.32%           | 6.89%                     | 6.86%                               | 7.83%                            |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

|                        |   |
|------------------------|---|
| Launch Date:           | November 21, 2009   |
| Fund Size:             | Rs. 2,869 million   |
| Type:                  | Open-end – Income fund  |
| Dealing Days:          | Daily – Monday to Saturday  |
| Dealing Time:          | (Mon - Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M<br>(Saturday) 9:00 A.M to 1:00 P.M                  |
| Settlement:            | 2-3 business days   |
| Pricing Mechanism:     | Forward Pricing   |
| Load:                  | Front end: without Life Insurance 0.5%, with Life Insurance 5% (Nil on investment above Rs. 16 million), Back end: 0% |
| Management Fee:        | 1.50% per annum   |
| Risk Profile:          | Very Low  |
| Fund Stability Rating: | "AA- (f)" by PACRA  |
| Listing:               | Lahore Stock Exchange   |
| Custodian & Trustee:   | Central Depository Company (CDC)  |
| Auditors:              | A. F. Ferguson & Co. Chartered Accountants  |
| Benchmark:             | Average 6-Month deposit rate (A & above rated banks)  |
| Fund Manager:          | Muhammad Ali Bhabha, CFA, FRM   |
| Minimum Subscription:  | Growth Unit: Rs. 1,000/-<br>Income Unit: Rs. 100,000/-  |
| Asset Manager Rating:  | AM2 by PACRA (Very High Investment Management Standards)  |

## Investment Objective

To minimize risk, preserve capital and generate a reasonable return along with a high degree of liquidity from a portfolio primarily constituted of bank deposits and money market instruments.

## Fund Manager Commentary

The Fund earned an annualized return of 7.9% during the month versus the benchmark return of 7.3%, thus depicting an outperformance of 0.6% p.a. The annualized return in the FYTD is 7.7% against the benchmark return of 6.9%, hence an outperformance of 0.8% p.a. This outperformance is net of management fee and all other expenses.

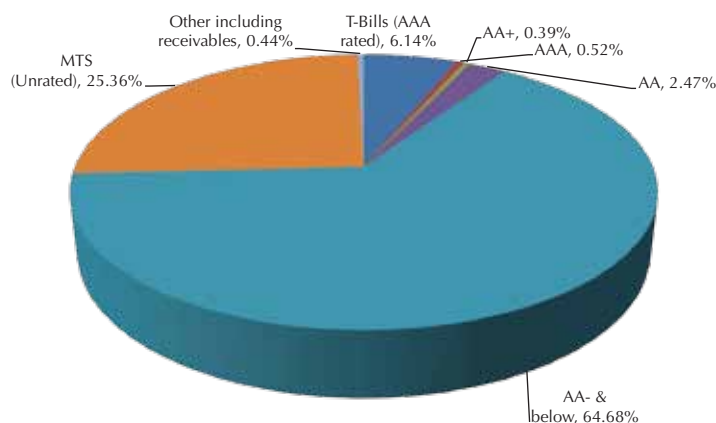
NSPF is one of the highest rated income funds in the market due to its restrictive investment guidelines. It cannot invest in any avenue which has more than six months maturity nor can it invest in debt securities and Equities. Moreover, it cannot invest in money market instruments below credit rating of 'AA-'.

The portfolio of NSPF is invested in Treasury bills, MTS and bank deposits etc. The allocation in MTS is around 25%. The weighted average time to maturity of the entire Fund is around 18 days.

Our internal guidelines permit MTS financing in only fundamentally strong companies with lower volatility. It is pertinent to mention that in this asset class the Fund provides financing at only pre-determined rates of return with no direct exposure to the stock market.

We are monitoring the developments in capital market conditions and will position the portfolio allocation accordingly.

## Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)



## Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13

| Asset Allocation (% of Total Assets) | 28-Feb-14      | 31-Jan-13      |
|--------------------------------------|----------------|----------------|
| T-Bills                              | 6.14%          | 15.71%         |
| Margin Trading System (MTS)          | 25.36%         | 30.50%         |
| Cash Equivalents                     | 68.06%         | 53.10%         |
| Other including receivables          | 0.44%          | 0.69%          |
| <b>Total</b>                         | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                             | Nil            | Nil            |

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.9,217,199/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0323/0.35%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 10.0919

February 2014

## Performance

| Performance %               | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 -Feb 14 * | Since Launch August 21, 2010** |
|-----------------------------|-----------------|---------------------------|-------------------------------------|--------------------------------|
| NAFA Riba Free Savings Fund | 8.07%           | 7.65%                     | 7.86%                               | 9.55%                          |
| Benchmark                   | 6.69%           | 6.68%                     | 6.74%                               | 7.64%                          |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

|                        |  |
|------------------------|--|
| Launch Date:           | August 21, 2010  |
| Fund Size:             | Rs. 3,009 million  |
| Type:                  | Open-end – Shariah Compliant Income Fund   |
| Dealing Days:          | Daily – Monday to Saturday   |
| Dealing Time:          | (Mon - Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M<br>(Saturday) 9:00 A.M to 1:00 P.M |
| Settlement:            | 2-3 business days  |
| Pricing Mechanism      | Forward Pricing  |
| Load:                  | Front end: 0.5% (Nil on investment above Rs. 16 million), Back end: 0%                               |
| Management Fee:        | 1.25% per annum  |
| Risk Profile:          | Very Low   |
| Fund Stability Rating: | "AA-(f)" by PACRA  |
| Listing:               | Lahore Stock Exchange  |
| Custodian & Trustee:   | Central Depository Company (CDC)   |
| Auditors:              | A. F. Ferguson & Co.<br>Chartered Accountants  |
| Benchmark:             | Average 6-month deposit rate of A- and above rated Islamic Banks                                     |
| Fund Manager:          | Salman Ahmed   |
| Minimum Subscription:  | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-  |
| Asset Manager Rating:  | AM2 by PACRA (Very High Investment Management Standards)   |

## Investment Objective

To provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market / debt securities.

## Fund Manager Commentary

The Fund generated an annualized return of 8.1% for the month of February 2014 versus the benchmark return of 6.7% thus registering an outperformance of 1.4% p.a. During the last one year the Fund has outperformed its benchmark by 1.2% by earning an annualized return of 7.9%. This outperformance is net of management fee and all other expenses.

The Fund aims to consistently provide better return than the profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is allowed to invest in short-term Shariah compliant money market securities of up to six months maturity rated AA- or better. The Fund is not authorized to invest in debt securities and the Equities. With stability rating of AA-(f), NRFSF is amongst the highest rated Islamic Income Funds in the market.

The allocation of the Fund is around 16% in GoP Ijarah Sukuks, which are floating rate instruments with 6-months coupon re-setting. Around 82% of the portfolio is invested in bank deposits which further enhance liquidity profile of the Fund. We intend to increase our allocation in GOP Ijarah Sukuk through upcoming auction.

The weighted average duration of the Fund is 13 days and the weighted average time to maturity is 54 days. We will rebalance the portfolio based on the economic and market conditions.

| Asset Allocation (% of Total Assets) | 28-Feb-14      | 31-Jan-13      |
|--------------------------------------|----------------|----------------|
| GOP Ijarah Sukuk - Govt. Backed      | 16.00%         | 13.93%         |
| Cash Equivalents                     | 82.29%         | 84.88%         |
| Other including receivables          | 1.71%          | 1.19%          |
| <b>Total</b>                         | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                             | Nil            | Nil            |

## Top Holdings (as at February 28th, 2014)

| Name of Sukuk           | % of Total Assets |
|-------------------------|-------------------|
| GOP Ijarah (Sukuk IX)   | 6.23%             |
| GOP Ijarah (Sukuk VIII) | 3.29%             |
| GOP Ijarah (Sukuk XII)  | 1.68%             |
| GOP Ijarah (Sukuk XIII) | 1.57%             |
| GOP Ijarah (Sukuk X)    | 1.33%             |
| GOP Ijarah (Sukuk XIV)  | 0.84%             |
| GOP Ijarah (Sukuk XI)   | 0.80%             |
| GOP Ijarah (Sukuk VII)  | 0.26%             |
| <b>Total</b>            | <b>16.00%</b>     |

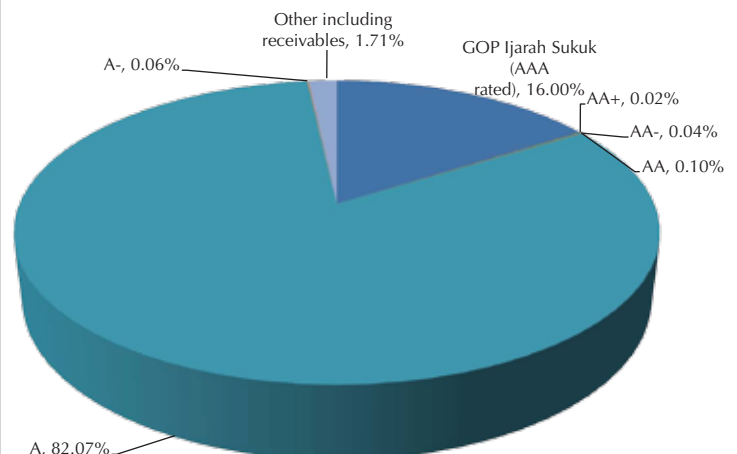
## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.7,331,600/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs.0.0246/0.26%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Salman Ahmed

## Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)



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**Performance**

| Performance %                     | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 -Feb 14 * | Since Launch October 28, 2011 ** |
|-----------------------------------|-----------------|---------------------------|-------------------------------------|----------------------------------|
| NAFA Financial Sector Income Fund | 12.12%          | 8.36%                     | 8.48%                               | 10.01%                           |
| Benchmark                         | 9.26%           | 8.77%                     | 8.72%                               | 9.45%                            |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

**General Information**

Launch Date: October 28, 2011  
Fund Size: Rs. 2,752 Million  
Type: Open-end – Income Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 1% (Nil on investment above Rs. 16 million) Back end: 0%  
Management Fee: 1.5% per annum  
Risk Profile: Low  
Fund stability rating: A+(f) by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: A. F. Ferguson & Co. Chartered Accountants  
Benchmark: 70% 6-Month KIBOR & 30% average 3-Month deposit rates A & above rated banks)  
Fund Manager: Salman Ahmed  
Minimum Subscription: Growth Unit: Rs. 10,000/-  
Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

**Investment Objective**

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuku, Bank deposits and short-term money market instruments.

**Fund Manager Commentary**

The Fund generated an annualized return of 12.1% for the month of February 2014 versus the benchmark return of 9.3% thus registering an outperformance of 2.8% p.a. Since its launch in October 2011, the Fund offered an annualized return of 10.0% against the benchmark return of 9.5%, hence an outperformance of 0.5% p.a. This outperformance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum 70% of its assets in Financial Sector (mainly banks) debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities is AA minus. This minimizes credit risk and at the same time enhances liquidity of the Fund. Duration of the overall portfolio cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances liquidity profile of the Fund.

Exposure in TFCs was 41.68% at the end of the month with average time to maturity of 3.79 years and Yield to Maturity of 11.1% p.a. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. The weighted average time-to-maturity of the Fund is 2 years.

As the Fund is mainly invested in floating rate TFCs and other short-term avenues any hike in interest rate is likely to improve the return of the Fund. We will rebalance the allocation of the portfolio proactively based on the capital market outlook.

**Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13**

|                             | 28-Feb-14      | 31-Jan-13      |
|-----------------------------|----------------|----------------|
| TFCs                        | 41.68%         | 38.71%         |
| PIBs                        | 14.91%         | -              |
| Cash Equivalents            | 41.59%         | 59.67%         |
| Other including receivables | 1.82%          | 1.62%          |
| <b>Total</b>                | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                    | Nil            | Nil            |

**Top 10 TFC (as at February 28th, 2014)**

| Name of TFC                                       | % of Total Assets |
|---|-------------------|
| Bank Alfalah Limited IV - FT                      | 13.28%            |
| Faysal Bank Limited III                           | 11.07%            |
| Askari Bank Limited III                           | 5.59%             |
| Allied Bank Limited II                            | 2.26%             |
| Bank Alfalah Limited IV - FX                      | 2.24%             |
| Standard Chartered Bank (Pakistan) Limited IV     | 1.80%             |
| Pakistan Mobile Communication Limited (17 Sep 13) | 1.80%             |
| Askari Bank Limited IV                            | 1.63%             |
| Pak Libya Holding Company                         | 1.20%             |
| Allied Bank Limited I                             | 0.40%             |
| <b>Total</b>                                      | <b>41.27%</b>     |

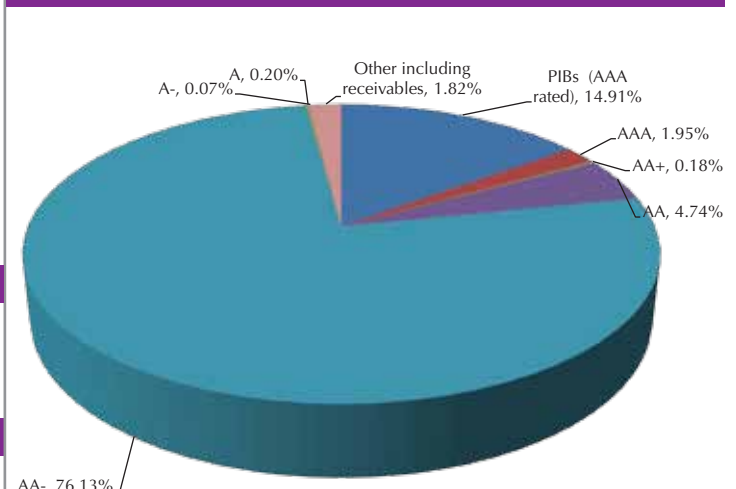
**WORKERS' WELFARE FUND (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 14,042,686/- If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0532/0.55%. For details investors are advised to read note 9 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Salman Ahmed

**Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)**



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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs.12.0964

February 2014

## Performance

| Performance %                | February 2014* | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar. 2013 - Feb 2014* | Since Launch August 21, 2010** |
|------------------------------|----------------|---------------------------|--|--------------------------------|
| NAFA Asset Allocation Fund * | (0.29%)        | 8.30%                     | 20.61%                                   | 20.89%                         |
| Benchmark                    | (0.51%)        | 8.92%                     | 14.10%                                   | 13.20%                         |

\* Cumulative Returns  
\*\* Annualized Return [Net of management fee & all other expenses]

## General Information

|                       |  |
|-----------------------|--|
| Launch Date:          | August 21, 2010  |
| Fund Size:            | Rs. 1,396 million  |
| Type:                 | Open-end – Asset Allocation Fund   |
| Dealing Days:         | Daily – Monday to Friday   |
| Dealing Time:         | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M  |
| Settlement:           | 2-3 business days  |
| Pricing Mechanism:    | Forward Pricing  |
| Load:                 | Front end – without Life Insurance 3%, with Life Insurance 5% (Nil on investment above Rs. 16 million) Back end - 0% |
| Management Fee:       | 2% per annum   |
| Risk Profile:         | Moderate   |
| Listing:              | Lahore Stock Exchange  |
| Custodian & Trustee:  | Central Depository Company (CDC)   |
| Auditors:             | A. F. Ferguson & Co.<br>Chartered Accountants  |
| Benchmark:            | 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index                                  |
| Fund Manager:         | Muhammad Imran, CFA, ACCA  |
| Minimum Subscription: | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-  |
| Asset Manager Rating: | AM2 by PACRA (Very High Investment Management Standards)   |

## Investment Objective

To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.

## Fund Manager's Commentary

During the month under review, NAFA Asset Allocation Fund's (NAAF) unit price (NAV) decreased by 0.3% while the benchmark decreased by 0.5%. Thus your Fund outperformed the benchmark by 0.2%. Since inception on August 21, 2010 the Fund has posted 95.3% return, versus 54.9% by the benchmark. Thus, to date the cumulative outperformance of your Fund stands at 40.4%. This outperformance is net of management fee and all other expenses.

NAAF started off the month with an allocation of around 26% in equities, which was reduced to around 4% towards the end of the month. The Fund outperformed the benchmark in February due to swift reduction in allocation to equities in anticipation of a decline in market. During the month, allocation was reduced in all the sectors.

## Asset Allocation (% of Total Assets)

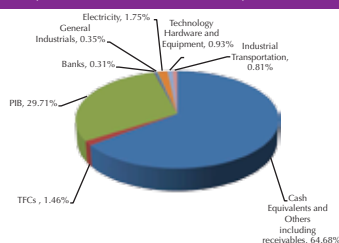
|                              | 28-Feb-14 | 31-Jan-13 |
|------------------------------|-----------|-----------|
| Equities / Stocks            | 4.15%     | 26.42%    |
| TFCs                         | 1.46%     | 1.35%     |
| Cash Equivalents             | 61.43%    | 61.36%    |
| PIB                          | 29.71%    | -         |
| Others including receivables | 3.25%     | 10.87%    |
| Total                        | 100.00%   | 100.00%   |
| Leverage                     | Nil       | Nil       |

## Characteristics of Equity Portfolio\*\*\*

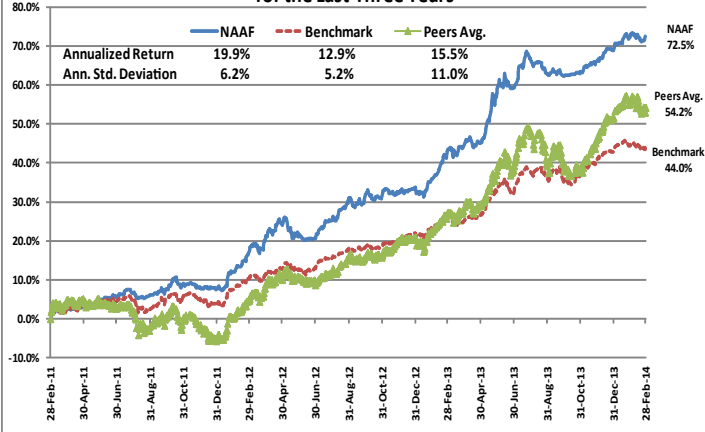
|        | PER | PBV | DY   |
|--------|-----|-----|------|
| NAAF   | 5.8 | 1.2 | 7.0% |
| KSE-30 | 8.1 | 2.3 | 5.7% |

\*\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 28th February, 2014)



## Relative Performance of NAFA Asset Allocation Fund (NAAF) for the Last Three Years



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Asim Wahab Khan, CFA  
Muhammad Imran, CFA, ACCA

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 8,372,919/- If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.0726/0.72%. For details investors are advised to read Note 7 of the Financial Statements of the Scheme for the period ended December 31, 2013.

## Top Ten Holdings (as on 31st, February, 2014)

| Name                                   | Asset Class | % of Total Assets |
|--|-------------|-------------------|
| Kot Addu Power Co Ltd                  | Equity      | 1.75%             |
| TPL Trakker Ltd                        | Equity      | 0.93%             |
| Allied Bank Ltd I                      | TFC         | 0.88%             |
| Pakistan National Shipping Corporation | Equity      | 0.81%             |
| United Bank Ltd III                    | TFC         | 0.35%             |
| Thal Ltd                               | Equity      | 0.35%             |
| Bank AL-Habib Ltd                      | Equity      | 0.31%             |
| Pakistan Mobile Communication Ltd      | TFC         | 0.23%             |
| <b>Total</b>                           |             | <b>5.61%</b>      |

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs.12.8581

February 2014

## Performance

| Performance %          | February 2014* | FYTD Jul 2013 - Feb 2014 * | Trailing 12 Months Mar. 2013 - Feb. 2014* | Since Launch January 22, 2007** |
|------------------------|----------------|----------------------------|---|---------------------------------|
| NAFA Multi Asset Fund* | (0.34%)        | 14.26%                     | 30.21%                                    | 14.48%                          |
| Benchmark              | (1.03%)        | 11.12%                     | 17.84%                                    | 8.81%                           |

\* Cumulative Returns  
\*\* Annualized Return

[Net of management fee & all other expenses]

## General Information

|                       |   |
|-----------------------|---|
| Launch Date:          | January 22, 2007  |
| Fund Size:            | Rs 922 million  |
| Type:                 | Open-end – Balanced Fund  |
| Dealing Days:         | Daily – Monday to Friday  |
| Dealing Time:         | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M       |
| Settlement:           | 2-3 business days   |
| Pricing Mechanism:    | Forward Pricing   |
| Load:                 | Front end – 3% (Nil on investment above Rs. 16 million) Back end - 0% |
| Management Fee:       | 2% per annum  |
| Risk Profile:         | Moderate  |
| Listing:              | Lahore Stock Exchange   |
| Custodian & Trustee:  | Central Depository Company (CDC)                                      |
| Auditors:             | M. Yousuf Adil Saleem & Co.<br>Chartered Accountants                  |
| Benchmark:            | 50% KSE-30 Index & 50% 3-month KIBOR                                  |
| Fund Manager:         | Asim Wahab Khan, CFA  |
| Minimum Subscription: | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-               |
| Asset Manager Rating: | AM2 by PACRA (Very High Investment Management Standards)              |

## Investment Objective

To provide investors with a combination of capital growth and income. NMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of asset classes such as stocks, bonds, money market instruments, CFS etc.

## Fund Manager's Commentary

During the month under review, NAFA Multi Asset Fund's (NMF) unit price (NAV) decreased by 0.3% while the benchmark decreased by 1%. Thus your Fund outperformed the benchmark by 0.7%. Since inception on January 22, 2007 your Fund has posted 161.7% return, versus 82.4% by the benchmark. Thus, to date the cumulative out performance of your Fund stands at 79.3%. This outperformance is net of management fee and all other expenses.

NMF started off the month with an allocation of around 52% in equities, which was reduced to around 35% towards the end of the month. The Fund outperformed the benchmark in February as the Fund's key holdings in Banks, Chemicals, and Oil and Gas sectors outperformed the market. During the month, allocation was reduced in all the sectors.

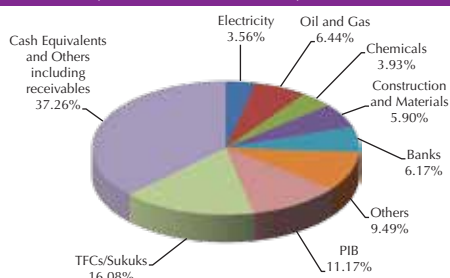
## Asset Allocation (% of Total Assets)

|                              | 28-Feb-14      | 31-Jan-13      |
|------------------------------|----------------|----------------|
| Equities / Stocks            | 35.49%         | 51.53%         |
| TFCs / Sukuks                | 16.08%         | 7.85%          |
| Cash Equivalents             | 35.63%         | 39.65%         |
| PIB                          | 11.17%         | -              |
| Others including receivables | 1.63%          | 0.97%          |
| <b>Total</b>                 | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                     | Nil            | Nil            |

## Characteristics of Equity Portfolio\*\*\*

|        | PER | PBV | DY   |
|--------|-----|-----|------|
| NMF    | 6.1 | 1.6 | 6.1% |
| KSE-30 | 8.1 | 2.3 | 5.7% |

## Asset Allocation (% of Total Assets) (as on 28th February, 2014)

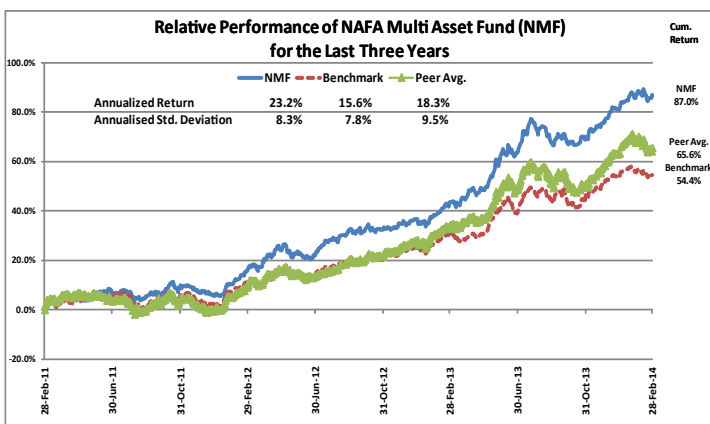


## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Asim Wahab Khan, CFA  
Muhammad Imran, CFA, ACCA

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 11,949,230/- If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1667/1.69%. For details investors are advised to read Note 10 of the Financial Statements of the Scheme for the period ended December 31, 2013.



## Top Ten Holdings (as on 28th February, 2014)

| Name                   | Asset Class | % of Total Assets | Name                      | Asset Class | % of Total Assets |
|------------------------|-------------|-------------------|---------------------------|-------------|-------------------|
| K Electric Ltd         | Sukuk       | 8.51%             | Bank AL-Habib Ltd         | Equity      | 2.33%             |
| Kot Addu Power Co Ltd  | Equity      | 3.43%             | Bank AL-Falah Ltd         | Equity      | 2.33%             |
| Maple Leaf Cement I    | Sukuk       | 3.19%             | Thal Ltd                  | Equity      | 2.31%             |
| Pakistan Oilfields Ltd | Equity      | 2.71%             | Pakistan State Oil Co Ltd | Equity      | 2.13%             |
| Nishat Mills Ltd       | Equity      | 2.46%             | Engro Fertilizer Ltd      | Equity      | 2.02%             |

## Details of Non-Compliant Investments

| Particulars                      | Type of Investment | Value of Investments before Provision | Provision held    | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|----------------------------------|--------------------|---------------------------------------|-------------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| Saudi Pak Leasing***             | TFC                | 27,947,760                            | -                 | 10,270,802                           | 1.11%           | 1.09%             | 93.90%                      |
| Eden Housing (Sukuk II)          | SUKUK              | 13,125,000                            | 4,575,519         | 8,549,481                            | 0.93%           | 0.91%             | 118.61%                     |
| Maple Leaf Cement (Sukuk I)      | SUKUK              | 74,986,065                            | 44,991,639        | 29,994,426                           | 3.25%           | 3.19%             | 40.92%                      |
| Pak Elektron Limited (Sukuk)     | SUKUK              | 17,142,857                            | 17,142,857        | -                                    | -               | -                 | -                           |
| New Allied Electronics (Sukuk I) | SUKUK              | 10,000,000                            | 10,000,000        | -                                    | -               | -                 | -                           |
| <b>Total</b>                     |                    | <b>143,201,682</b>                    | <b>76,710,015</b> | <b>48,814,709</b>                    | <b>5.29%</b>    | <b>5.19%</b>      |                             |

\*\*\*Said TFC is performing but classified as non Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs.12.8969

February 2014

## Performance

| Performance %                 | February 2014* | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar. 2013 - Feb. 2014* | Since Launch October 29, 2007** |
|-------------------------------|----------------|---------------------------|---|---------------------------------|
| NAFA Islamic Multi Asset Fund | (0.59%)        | 9.93%                     | 25.55%                                    | 13.19%                          |
| Benchmark                     | (1.23%)        | 10.57%                    | 20.66%                                    | 11.12***                        |

\* Cumulative Return

\*\* Annualized Return [Net of management fee & all other expenses]

\*\*\* KSE-30 is used as equity component for the Benchmark before June 30, 2008, the launch date of KMI-30 Index.

## General Information

|                         |  |
|-------------------------|--|
| Launch Date:            | October 29, 2007   |
| Fund Size:              | Rs. 361 million  |
| Type:                   | Shariah Compliant - Open-end - Balanced Fund   |
| Dealing Days:           | Daily - Monday to Friday   |
| Dealing Time:           | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M                          |
| Settlement:             | 2-3 business days  |
| Pricing Mechanism Load: | Forward Pricing<br>Front end - 3% (Nil on investment above Rs. 16 million) Back end - 0% |
| Management Fee:         | 2% per annum   |
| Risk Profile:           | Moderate   |
| Listing:                | Lahore Stock Exchange  |
| Custodian & Trustee:    | Central Depository Company (CDC)   |
| Auditors:               | KPMG Taseer Hadi & Co.<br>Chartered Accountants  |
| Benchmark:              | 50% KMI - 30 Index & 50% average 3-month profit rate of Islamic banks.                   |
| Fund Manager:           | Asim Wahab Khan, CFA   |
| Minimum Subscription:   | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-                                  |
| Asset Manager Rating:   | AM2 by PACRA (Very High Investment Management Standards)                                 |

## Investment Objective

To provide investors with a combination of capital growth and income by investing in Shariah compliant investments. NIMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah compliant securities, instruments and avenues such as Equities, Musharakah, Murabahah, Ijarah etc.

## Fund Manager's Commentary

During the month under review, unit price (NAV) of NAFA Islamic Multi Asset Fund (NIMF) decreased by 0.6%, whereas the benchmark decreased by 1.2%, thus your Fund outperformed the benchmark by 0.6%. Since inception your Fund has posted 119.5% return, versus 95.2% by the benchmark. Thus, an outperformance of 24.3% was recorded. This outperformance is net of management fee and all other expenses.

NIMF started off the month with an allocation of around 50% in equities, which was reduced to around 35% towards the end of the month. The Fund outperformed the benchmark in February as the Fund's key holdings in Banks, Fixed Line Telecommunications and Oil and Gas sectors outperformed the market. During the month, allocation was reduced in all the sectors.

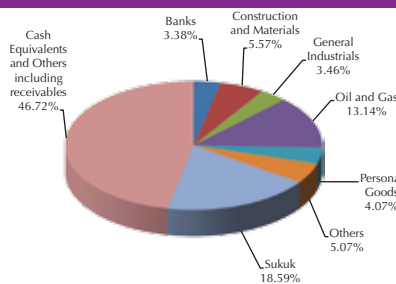
| Asset Allocation (% of Total Assets) | 28-Feb-14 | 31-Jan-13 |
|--------------------------------------|-----------|-----------|
| Equities / Stocks                    | 34.69%    | 50.23%    |
| Sukuks                               | 18.59%    | 5.68%     |
| Cash Equivalents                     | 43.59%    | 40.15%    |
| Others including receivables         | 3.13%     | 3.94%     |
| Total                                | 100.00%   | 100.00%   |
| Leverage                             | Nil       | Nil       |

## Characteristics of Equity Portfolio\*\*\*\*

|        | PER | PBV | DY   |
|--------|-----|-----|------|
| NIMF   | 7.8 | 1.7 | 6.6% |
| KMI-30 | 7.4 | 1.9 | 6.4% |

\*\*\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 28th February, 2014)



## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Asim Wahab Khan, CFA  
Muhammad Imran, CFA, ACCA

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provision against Workers' Welfare Fund's liability to the tune of Rs 5,478,489/-If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1956/1.90%.For details investors are advised to read the Note 11 of the Financial Statements of the Scheme for the period ended December 31, 2013.

**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 any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.

## Top Ten Holdings (as on 28th February, 2014)

| Name                      | Asset Class | % of Total Assets | Name                            | Asset Class | % of Total Assets |
|---------------------------|-------------|-------------------|---------------------------------|-------------|-------------------|
| K Electric Ltd            | Sukuk       | 12.09%            | Bank Islami Pakistan Ltd        | Equity      | 2.66%             |
| Pakistan State Oil Co Ltd | Equity      | 5.27%             | Oil & Gas Dev.Co Ltd            | Equity      | 2.15%             |
| Maple Leaf Cement I       | Sukuk       | 4.56%             | Pakistan Telecommunication      | Equity      | 2.06%             |
| Nishat Mills Ltd.         | Equity      | 4.07%             | Pakistan Petroleum Ltd          | Equity      | 2.01%             |
| Pakistan Oilfields Ltd    | Equity      | 3.71%             | Pakistan National Shipping Corp | Equity      | 1.89%             |

## Details of Non-Compliant Investments

| Particulars                      | Type of Investment | Value of Investments before Provision | Provision held | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|----------------------------------|--------------------|---------------------------------------|----------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| Kohat Cement Limited (Sukuk)**** | SUKUK              | 3,389,373                             | -              | 2,542,030                            | 0.70%           | 0.68%             | 81.56%                      |
| Eden Housing (Sukuk II)          | SUKUK              | 6,562,500                             | 2,287,760      | 4,274,740                            | 1.18%           | 1.15%             | 118.61%                     |
| Maple Leaf Cement (Sukuk I)      | SUKUK              | 42,393,750                            | 25,436,250     | 16,957,500                           | 4.69%           | 4.56%             | 40.92%                      |
| Pak Elektron Limited (Sukuk)     | SUKUK              | 21,428,571                            | 21,428,571     | -                                    | -               | -                 | -                           |
| Total                            |                    | 73,774,194                            | 49,152,581     | 23,774,270                           | 6.57%           | 6.39%             |                             |

\*\*\*\*Said TFC is performing but classified as non Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs.10.3894

February 2014

## Performance

| Performance %   | February 2014* | FYTD Jul 2013 - Feb 2014 * | Trailing 12 Months Mar. 2013 - Feb. 2014* | Since Launch January 22, 2007** |
|-----------------|----------------|----------------------------|---|---------------------------------|
| NAFA Stock Fund | (1.39%)        | 22.15%                     | 42.57%                                    | 14.45%                          |
| Benchmark       | (2.81%)        | 15.72%                     | 26.09%                                    | 4.85%                           |

\* Cumulative Returns  
\*\* Annualized Return [Net of management fee & all other expenses]

## General Information

|                         |   |
|-------------------------|---|
| Launch Date:            | January 22, 2007  |
| Fund Size:              | Rs. 1,307 million   |
| Type:                   | Open-end – Equity Fund  |
| Dealing Days:           | Daily – Monday to Friday  |
| Dealing Time:           | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M                         |
| Settlement:             | 2-3 business days   |
| Pricing Mechanism Load: | Forward Pricing<br>Front end – 3% (Nil on investment above Rs 16 million) Back end - 0% |
| Management Fee:         | 2% per annum  |
| Risk Profile:           | High  |
| Listing:                | Lahore Stock Exchange   |
| Custodian & Trustee:    | Central Depository Company (CDC)  |
| Auditors:               | M. Yousuf Adil Saleem & Co.<br>Chartered Accountants                                    |
| Benchmark:              | KSE-30 Index  |
| Fund Manager:           | Asim Wahab khan, CFA  |
| Minimum Subscription:   | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-                                 |
| Asset Manager Rating:   | AM2 by PACRA (very high investment management standards)                                |

## Investment Objective

To provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high.

## Fund Manager's Commentary

During the month under review, NAFA Stock Fund's (NSF) unit price (NAV) decreased by 1.4%, whereas the benchmark decreased by 2.8%, thus an outperformance of 1.4% was recorded. Since inception on January 22, 2007 your Fund has posted 161.3% return, versus 40% by the Benchmark. Thus, to date the cumulative outperformance of your Fund stands at 121.3%. This outperformance is net of management fee and all other expenses.

NSF started off the month with an allocation of around 90% in equities, which was reduced to around 85% by the end of the month. The Fund outperformed the benchmark in February as the Fund's key holdings in Banks, Chemicals, and Oil and Gas sectors outperformed the market. During the month, allocation was reduced in all the sectors barring Oil & Gas and Chemicals sectors where the allocation was increased.

## Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13

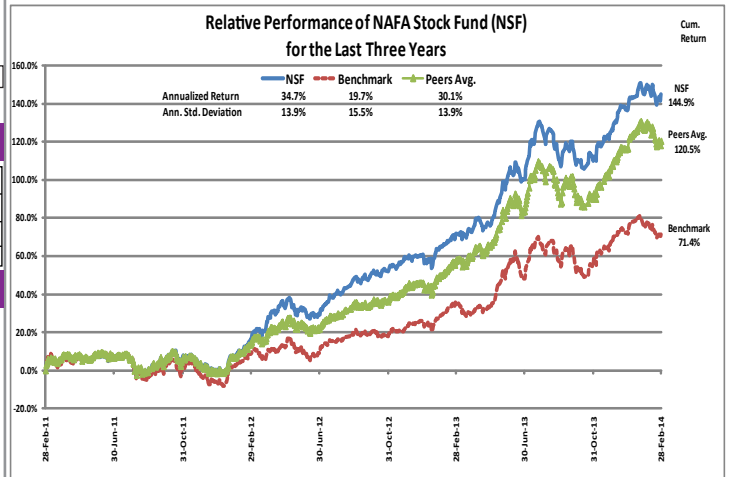
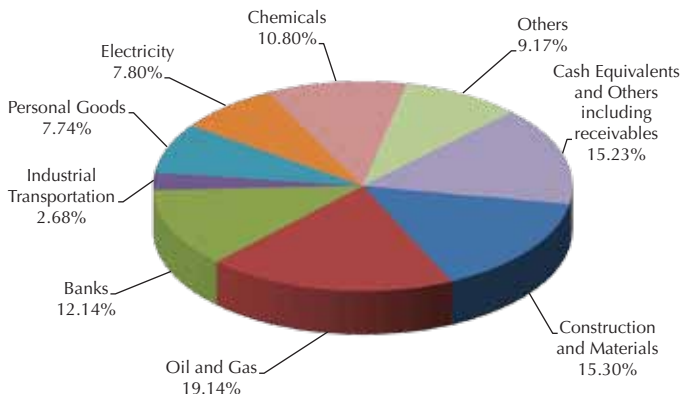
|                              | 28-Feb-14 | 31-Jan-13 |
|------------------------------|-----------|-----------|
| Equities / Stock             | 84.77%    | 89.82%    |
| Cash Equivalents             | 14.70%    | 9.40%     |
| Others including receivables | 0.53%     | 0.78%     |
| Total                        | 100.00%   | 100.00%   |
| Leverage                     | Nil       | Nil       |

## Characteristics of Equity Portfolio\*\*\*

|        | PER | PBV | DY   |
|--------|-----|-----|------|
| NSF    | 5.8 | 1.6 | 6.3% |
| KSE-30 | 8.1 | 2.3 | 5.7% |

\*\*\* Based on NAFA's estimates

## Asset Allocation (% of Total Assets) (as on 28th February, 2014)



## Top Ten Equity Holdings (as on 28th February, 2014)

| Name                       | % of Total Assets | Name                          | % of Total Assets |
|----------------------------|-------------------|-------------------------------|-------------------|
| Pakistan State Oil Co. Ltd | 7.09%             | Bank AL-Habib Ltd             | 4.82%             |
| Pakistan Oilfields Ltd     | 6.70%             | Engro Corporation Ltd         | 4.37%             |
| Nishat Mills Ltd           | 6.13%             | Maple Leaf Cement Factory Ltd | 3.83%             |
| Bank Al-Falah Ltd          | 5.61%             | Oil & Gas Dev.Co Ltd          | 2.87%             |
| Kot Addu Power Co Ltd      | 5.12%             | Lucky Cement Ltd              | 2.77%             |

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs 25,866,016 /-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.2056 /2.82%. For details investors are advised to read the Note 8 of the Financial Statements of the Scheme for the period ended December 31, 2013.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Syed Suleman Akhtar, CFA  
Asim Wahab khan, CFA  
Muhammad Imran, CFA, ACCA

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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 9.5502

February 2014

## Performance

| Performance %    | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 - Feb 14 * | Since Launch March 29, 2008 ** |
|------------------|-----------------|---------------------------|--------------------------------------|--------------------------------|
| NAFA Income Fund | 2.35%           | 6.94%                     | 8.79%                                | 2.39%                          |
| Benchmark        | 10.15%          | 9.65%                     | 9.61%                                | 11.69%                         |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

|                       |  |
|-----------------------|--|
| Launch Date:          | March 29, 2008   |
| Fund Size:            | Rs. 513 million  |
| Type:                 | Open-end – Income Fund   |
| Dealing Days:         | Daily – Monday to Friday   |
| Dealing Time:         | (Mon - Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M    |
| Settlement:           | 2-3 business days  |
| Pricing Mechanism:    | Forward Pricing  |
| Load:                 | Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0% |
| Management Fee:       | 1.0% per annum   |
| Risk Profile:         | Low  |
| Fund Stability Rating | "A- (f)" by PACRA  |
| Listing:              | Lahore Stock Exchange  |
| Custodian & Trustee:  | MCB Financial Services Limited                                       |
| Auditors:             | M. Yousuf Adil Saleem & Co.<br>Chartered Accountants                 |
| Benchmark:            | 6-Month KIBOR  |
| Fund Manager:         | Muhammad Ali Bhabha, CFA, FRM  |
| Minimum Subscription: | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-              |
| Asset Manager Rating: | AM2 by PACRA (Very High Investment Management Standards)             |

## Investment Objective

To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

## Fund Manager Commentary

The Fund posted an annualized return of 2.4% during February 2014 versus the benchmark return of 10.2%. Subdued performance of the Fund during the month is due to market loss in a TFC. During the last one year the Fund has earned an annualized return of 8.8% as compared to benchmark annualized return of 9.6%.

As the allocation of the Fund shows, exposure in TFCs and Sukuks stand at 44.8%. The weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is around Rs. 94 against the par value of Rs.100. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average Yield-to-Maturity of the Fund is around 16.8% p.a. while its weighted average time to maturity is 1.99 years. This yield does not include potential recovery in fully provided TFCs (Face Value of Rs. 251 million), which is potential upside for the Fund. Thus, the Fund is expected to perform well over the medium to long term horizon. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

## Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13

| Asset Allocation (% of Total Assets) | 28-Feb-14      | 31-Jan-13      |
|--------------------------------------|----------------|----------------|
| TFCs / Sukuks                        | 44.83%         | 36.37%         |
| PIBs                                 | 19.41%         | 0.10%          |
| Cash Equivalents                     | 33.15%         | 61.65%         |
| Others including receivables         | 2.61%          | 1.88%          |
| <b>Total</b>                         | <b>100.00%</b> | <b>100.00%</b> |

Leverage Nil Nil

## Top 10 TFC (as at February 28th, 2014)

| Name of TFC / Sukuk                           | % of Total Assets |
|---|-------------------|
| K Electric Azm Sukuk                          | 9.65%             |
| Engro Fertilizers Limited 30-NOV-07           | 6.16%             |
| Standard Chartered Bank (Pakistan) Limited IV | 5.81%             |
| Faysal Bank Limited                           | 5.04%             |
| Jahangir Siddiqui & Co. Ltd                   | 4.82%             |
| Eden Housing (Sukuk II)                       | 3.30%             |
| Saudi Pak Leasing                             | 2.97%             |
| Engro Fertilizer Limited (PPTFC)              | 2.66%             |
| Bank Alfalah Limited (Floater)                | 2.03%             |
| Allied Bank Limited II                        | 1.87%             |
| <b>Total</b>                                  | <b>44.31%</b>     |

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.2,790,703/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0519/0.59%. For details investors are advised to read note 10 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

## Name of the Members of Investment Committee

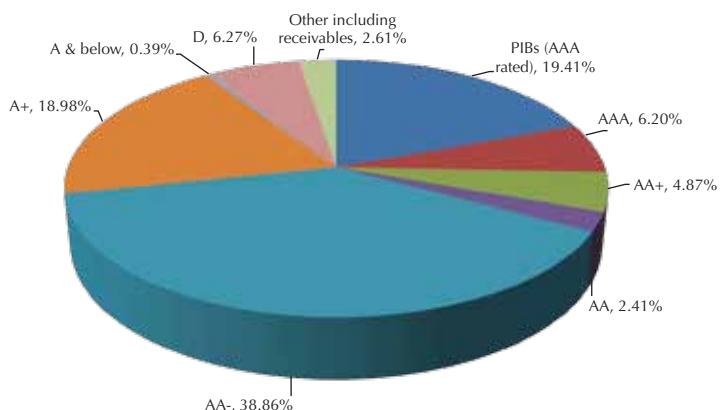
Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA

## Details of Non-Compliant Investments

| Particulars                       | Type of Investment | Value of Investments before Provision | Provision held     | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|-----------------------------------|--------------------|---------------------------------------|--------------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| World Call Telecom Limited        | TFC                | 29,982,002                            | 29,982,002         | -                                    | n/a             | n/a               | n/a                         |
| Saudi Pak Leasing***              | TFC                | 41,921,640                            | -                  | 15,406,203                           | 3.00%           | 2.97%             | 93.90%                      |
| Eden Housing (Sukuk II)           | SUKUK              | 26,250,000                            | 9,151,039          | 17,098,961                           | 3.33%           | 3.30%             | 118.61%                     |
| AgriTech Limited II               | TFC                | 149,875,800                           | 149,875,800        | -                                    | n/a             | n/a               | n/a                         |
| AgriTech Limited V                | TFC                | 22,180,000                            | 22,180,000         | -                                    | n/a             | n/a               | n/a                         |
| New Allied Electronics (Sukuk II) | SUKUK              | 49,054,371                            | 49,054,371         | -                                    | n/a             | n/a               | n/a                         |
| <b>Total</b>                      |                    | <b>319,263,813</b>                    | <b>260,243,212</b> | <b>32,505,164</b>                    | <b>6.33%</b>    | <b>6.27%</b>      |                             |

\*\*\*Said TFC is performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

## Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)



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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 9.3310

February 2014

## Performance

| Performance %                       | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 - Feb 14 * | Since Launch October 29, 2007 ** |
|-------------------------------------|-----------------|---------------------------|--------------------------------------|----------------------------------|
| NAFA Islamic Aggressive Income Fund | 13.17%          | 9.25%                     | 10.02%                               | 5.60%                            |
| Benchmark                           | 6.49%           | 6.48%                     | 6.53%                                | 6.74%                            |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

|                        |  |
|------------------------|--|
| Launch Date:           | October 29, 2007   |
| Fund Size:             | Rs. 199 million  |
| Type:                  | Open-end – Shariah Compliant Aggressive Income Fund                  |
| Dealing Days:          | Daily – Monday to Friday   |
| Dealing Time:          | (Mon - Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M    |
| Settlement:            | 2-3 business days  |
| Pricing Mechanism:     | Forward Pricing  |
| Load:                  | Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0% |
| Management Fee:        | 1.0% per annum   |
| Risk Profile:          | Low to Medium  |
| Fund Stability Rating: | "BBB+ (f)" by PACRA  |
| Listing:               | Lahore Stock Exchange  |
| Custodian & Trustee:   | MCB Financial Services Limited                                       |
| Auditors:              | KPMG Taseer Hadi & Co.<br>Chartered Accountants                      |
| Benchmark:             | Average 3-month deposit rate of Islamic Banks                        |
| Fund Manager:          | Muhammad Imran, CFA, ACCA  |
| Minimum Subscription:  | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-              |
| Asset Manager Rating:  | AM2 by PACRA (Very High Investment Management Standards)             |

## Investment Objective

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.

## Fund Manager Commentary

During the month under review, the Fund posted an annualized return of 13.2% as compared to the benchmark return of 6.5%. Outperformance of the Fund during the month is due to profit payment of non performing Household Goods sector and cement sub-sector Sukuks. During FYTD, the Fund has posted 9.3% annualized return versus 6.5% by the benchmark, hence an outperformance of 2.8% p.a. This outperformance is net of management fee and all other expenses.

The allocation in corporate Sukuks with current Weightage at 26% is diversified among Cement, Electricity, and Fertilizer sector. Around 9.0% of the portfolio is allocated to AAA rated GoP Ijarah Sukuks which coupled with 58.4% allocation in bank deposits provides diversification and liquidity to the portfolio. Going forward, the Fund intends to maintain the present allocation.

The weighted average Yield-to-Maturity (YTM) of the sukuk portfolio is around 19.5% p.a. and weighted average time to maturity is 1.72 years. The weighted average time to maturity of the Fund is 0.61 years. Hence, for investors with medium to long term investment horizon, the Fund offers an attractive opportunity to earn decent returns. However, since Sukuks prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

## Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13

|                                  | 28-Feb-14      | 31-Jan-13      |
|----------------------------------|----------------|----------------|
| Sukuks                           | 25.86%         | 19.59%         |
| GOP Ijarah Sukuks - Govt. Backed | 9.03%          | 9.50%          |
| Cash Equivalents                 | 58.36%         | 64.50%         |
| Other including receivables      | 6.75%          | 6.41%          |
| <b>Total</b>                     | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                         | Nil            | Nil            |

## Top 10 Sukuks (as at February 28th, 2014)

| Name of Sukuk                    | % of Total Assets |
|----------------------------------|-------------------|
| Engro Fertilizer Limited (Sukuk) | 11.46%            |
| K Electric Azm Sukuk             | 7.42%             |
| GOP Ijarah (Sukuk X)             | 4.52%             |
| Maple Leaf Cement (Sukuk I)      | 4.46%             |
| Kohat Cement Limited (Sukuk)     | 2.52%             |
| GOP Ijarah (Sukuk XI)            | 2.01%             |
| GOP Ijarah (Sukuk XIII)          | 1.51%             |
| GOP Ijarah (Sukuk VII)           | 0.99%             |
| <b>Total</b>                     | <b>34.89%</b>     |

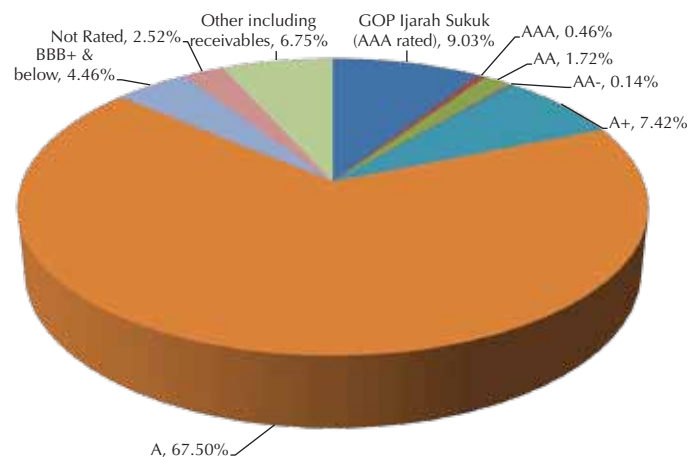
## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.1,547,427/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0726/0.86%. For details investors are advised to read note 11 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Muhammad Imran, CFA, ACCA

## Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)



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MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (28/02/2014): Rs. 10.7177

February 2014

**Performance**

| Performance %                | February 2014 * | FYTD Jul 2013 - Feb 2014* | Trailing 12 Months Mar 13 - Feb 14 * | Since Launch April 22, 2006 ** |
|------------------------------|-----------------|---------------------------|--------------------------------------|--------------------------------|
| NAFA Income Opportunity Fund | 25.44%          | 13.48%                    | 14.80%                               | 7.35%                          |
| Benchmark                    | 10.15%          | 9.65%                     | 9.61%                                | 11.35%                         |

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

**General Information**

Launch Date: April 22, 2006  
Fund Size: Rs. 2,200 million  
Type: Open-end – Income Fund  
Dealing Days: Daily – Monday to Saturday  
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M  
(Friday) 9:00 A.M to 5:30 P.M  
(Saturday) 9:00 A.M to 1:00 P.M  
Settlement: 2-3 business days  
Pricing Mechanism: Forward Pricing  
Load: Front end: 0%, Back end: 0%  
Management Fee: 1.5% per annum  
Risk Profile: Low  
Fund Stability Rating: "BBB+(f)" by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: KPMG Taseer Hadi & Co.  
Chartered Accountants  
Benchmark: 6-Month KIBOR  
Fund Manager: Muhammad Imran, CFA, ACCA  
Minimum Subscription: Growth Unit: Rs. 10,000/-  
Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

**Investment Objective**

To seek preservation of Capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.

**Fund Manager Commentary**

The Fund posted an annualized return of 25.4% in February 2014 as compared to the benchmark return of 10.2%. Outperformance of the Fund during the month is due to 1) Sale of non performing TFC. 2) profit payment of non performing Household Goods sector and cement sub-sector Sukuks. During the last one year the Fund has outperformed its benchmark by 5.2% by earning an annualized return of 14.8%.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 88 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 13.30% p.a. and that of the TFC portfolio is 18.52% p.a. The weighted average time to maturity of the Fund is about 1.63 years. The Fund's sector allocation is fairly diversified with exposure to Chemical, Electricity, Banking, Construction & Material, Travel & Leisure and Financial Services sub-sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

**Asset Allocation (% of Total Assets) 28-Feb-14 31-Jan-13**

| Asset Allocation (% of Total Assets) | 28-Feb-14      | 31-Jan-13      |
|--------------------------------------|----------------|----------------|
| TFCs / Sukuks                        | 33.24%         | 26.03%         |
| Placement with Banks                 | 10.95%         | -              |
| PIBs                                 | 10.05%         | -              |
| Equity                               | 1.77%          | 1.98%          |
| Cash Equivalents                     | 23.25%         | 51.42%         |
| Others including receivables         | 20.74%         | 20.57%         |
| <b>Total</b>                         | <b>100.00%</b> | <b>100.00%</b> |
| Leverage                             | Nil            | Nil            |

**Details of Non-Compliant Investments**

| Particulars                                      | Type of Investment | Value of Investments before Provision | Provision held       | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|--|--------------------|---------------------------------------|----------------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| BRR Guardian Modaraba***                         | SUKUK              | 38,906,250                            | -                    | 29,082,422                           | 1.32%           | 1.06%             | 51.48%                      |
| Escort Investment Bank Limited***                | TFC                | 4,995,960                             | -                    | 3,683,801                            | 0.17%           | 0.13%             | 18.00%                      |
| Kohat Cement Limited (Sukuk)***                  | SUKUK              | 16,946,865                            | -                    | 12,710,149                           | 0.58%           | 0.46%             | 81.56%                      |
| Saudi Pak Leasing***                             | TFC                | 41,921,640                            | -                    | 15,406,203                           | 0.70%           | 0.56%             | 93.90%                      |
| World Call Telecom Limited                       | TFC                | 96,370,722                            | 96,370,722           | -                                    | n/a             | n/a               | n/a                         |
| Eden Housing (Sukuk II)                          | SUKUK              | 12,075,000                            | 4,209,478            | 7,865,522                            | 0.36%           | 0.29%             | 118.61%                     |
| Maple Leaf Cement (Sukuk I)                      | SUKUK              | 339,150,000                           | 203,490,000          | 135,660,000                          | 6.17%           | 4.95%             | 40.92%                      |
| Pak Elektron Limited (Sukuk)                     | SUKUK              | 51,428,571                            | 51,428,571           | -                                    | n/a             | n/a               | n/a                         |
| Agriotech Limited I                              | TFC                | 149,860,200                           | 149,860,200          | -                                    | n/a             | n/a               | n/a                         |
| Agriotech Limited V                              | TFC                | 32,320,000                            | 32,320,000           | -                                    | n/a             | n/a               | n/a                         |
| Azzard Nine Limited III                          | TFC                | 108,376,850                           | 108,376,850          | -                                    | n/a             | n/a               | n/a                         |
| Azzard Nine Limited V                            | TFC                | 82,180,000                            | 82,180,000           | -                                    | n/a             | n/a               | n/a                         |
| Dewan Cement Limited                             | TFC                | 150,000,000                           | 150,000,000          | -                                    | n/a             | n/a               | n/a                         |
| New Allied Electronics (PPTFC)                   | TFC                | 31,706,536                            | 31,706,536           | -                                    | n/a             | n/a               | n/a                         |
| New Allied Electronics (Sukuk II)                | SUKUK              | 44,148,934                            | 44,148,934           | -                                    | n/a             | n/a               | n/a                         |
| PACE Pakistan Limited                            | TFC                | 149,820,000                           | 149,820,000          | -                                    | n/a             | n/a               | n/a                         |
| Azzard Nine Limited (Non-Voting Ordinary Shares) | Equity             | 12,854                                | 12,854               | -                                    | n/a             | n/a               | n/a                         |
| Agriotech Limited Shares                         | Equity             | 141,403,150                           | 92,922,070           | 48,481,080                           | 2.20%           | 1.77%             | n/a                         |
| <b>Total</b>                                     |                    | <b>1,491,623,532</b>                  | <b>1,196,846,215</b> | <b>252,889,177</b>                   | <b>11.50%</b>   | <b>9.22%</b>      |                             |

\*\*\*Said TFCs are performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

**Top 10 TFC/Sukuk Holdings (as at February 28th, 2014)**

| Name of TFCs / Sukuks            | % of Total Assets |
|----------------------------------|-------------------|
| K Electric Azm Sukuk             | 7.87%             |
| Engro Fertilizer Limited (PPTFC) | 5.51%             |
| Maple Leaf Cement (Sukuk I)      | 4.95%             |
| Bank Alfalah Limited V           | 3.74%             |
| Jahangir Siddiqui & Co. Ltd      | 2.74%             |
| Avari Hotels Limited             | 2.42%             |
| Allied Bank Limited II           | 2.37%             |
| BRR Guardian Modaraba            | 1.06%             |
| Engro Fertilizer Limited         | 0.95%             |
| Saudi Pak Leasing                | 0.56%             |
| <b>Total</b>                     | <b>32.17%</b>     |

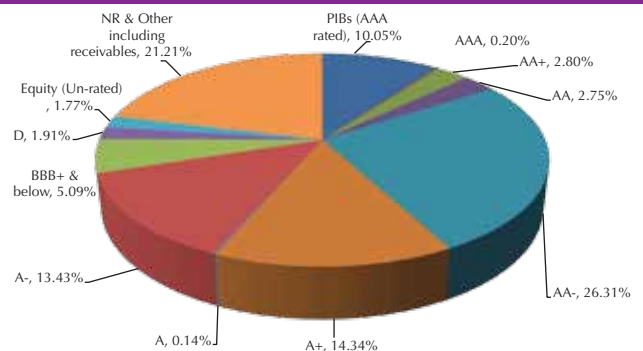
**WORKERS' WELFARE FUND (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.18,486,279/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0901/0.96%. For details investors are advised to read note 12 of the Financial Statements of the Scheme for the half year ended December 31, 2013.

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA  
Muhammad Imran, CFA, ACCA

**Credit Quality of the Portfolio as of February 28th, 2014 (% of Total Assets)**



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|                             | Fund Size<br>(Rs. in mn) | NAV Per Unit (Rs.)<br>February 28, 2014 | Performance % |                               |
|-----------------------------|--------------------------|---|---------------|-------------------------------|
|                             |                          |   | February 2014 | Since Launch<br>July 02, 2013 |
| NPF-Equity Sub-fund*        | 63.6                     | 120.4394                                | (2.11%)       | 19.27%                        |
| NPF-Debt Sub-fund**         | 60.0                     | 106.5050                                | 15.06%        | 7.97%                         |
| NPF-Money Market Sub-fund** | 47.6                     | 105.9187                                | 7.85%         | 7.06%                         |

\* Cumulative Return [Net of management fee & all other expenses]  
\*\* Simple Annualized Return

| General Information      |   |
|--------------------------|---|
| Launch Date:             | July 2, 2013  |
| Fund size:               | Rs. 171 million   |
| Type:                    | Open-end – Voluntary Pension Scheme                             |
| Dealing Days:            | Daily – Monday to Friday  |
| Dealing Time:            | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M |
| Pricing Mechanism:       | Forward Pricing   |
| Front end Load:          | Upto 3% on Contributions  |
| Back end Management Fee: | 0%  |
|                          | On average Net Assets of each Sub-fund.                         |
|                          | Equity 1.50%  |
|                          | Debt 1.25%  |
|                          | Money Market 1%   |
| Risk Profile:            | Investor dependent  |
| Custodian & Trustee:     | Central Depository Company (CDC)                                |
| Auditors:                | M. Yousuf Adil Saleem & Co.<br>Chartered Accountants            |
| Fund Manager:            | Sajjad Anwar, CFA   |
| Minimum Subscription:    | Initial: Rs. 10,000/-<br>Subsequent: Rs. 1000/-                 |
| Asset Manager Rating:    | AM2 by PACRA (Very High Investment Management Standards)        |
| Leverage:                | Nil   |

**Investment Objective**  
To provide a secure source of savings and regular income after retirement to the Participants.

**Fund Manager's Commentary**  
NAFA launched its open-end Voluntary Pension Scheme, NAFA Pension Fund (NPF) in July '13 with the objective of providing a secure source of savings and regular income after retirement to the Participants.

**During the month of February:**  
NPF Equity Sub-fund decreased by 2.1%, as against KSE-100 return of 3.7%. The Sub-fund was around 90% invested in equities with major weights in Oil and Gas, Construction and Materials and Banks sectors.

NPF Debt Sub-fund generated annualized return of 15.1%. The Sub Fund was invested primarily in T-bills and Bank deposits. The investments are being gradually shifted to high quality TFCs/Sukuku offering attractive yields.

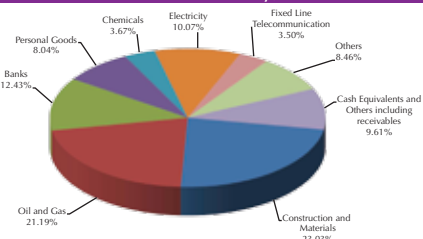
NPF Money Market Sub-fund generated annualized return of 7.9%. It was around 97% invested in Government securities. In line with its investment strategy, the Sub Fund will maintain high exposure in money market securities.

**Credit Quality of the Portfolio as on 28th February, 2014**

|                                   | Debt           | Money Market   |
|-----------------------------------|----------------|----------------|
| Government Securities (AAA rated) | 85.52%         | 97.08%         |
| AAA                               | 3.95%          | 0.02%          |
| AA+                               | 3.06%          | 2.03%          |
| AA                                | 0.31%          | 0.39%          |
| AA-                               | 2.59%          | -              |
| A+                                | 3.62%          | -              |
| Others                            | 0.95%          | 0.48%          |
| <b>Total</b>                      | <b>100.00%</b> | <b>100.00%</b> |

| Asset Allocation (% of Total Assets) |                  |                  |
|--------------------------------------|------------------|------------------|
| <b>Equity Sub-fund</b>               | <b>28-Feb-14</b> | <b>31-Jan-13</b> |
| Equity                               | 90.39%           | 89.13%           |
| Cash Equivalents                     | 8.97%            | 10.37%           |
| Others                               | 0.64%            | 0.50%            |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |
| <b>Debt Sub-fund</b>                 | <b>28-Feb-14</b> | <b>31-Jan-13</b> |
| Cash Equivalents                     | 3.12%            | 4.36%            |
| TFC/Sukuk                            | 10.41%           | 8.81%            |
| T-Bills                              | 54.10%           | 86.24%           |
| PIBs                                 | 31.42%           | -                |
| Others                               | 0.95%            | 0.59%            |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |
| <b>Money Market Sub-fund</b>         | <b>28-Feb-14</b> | <b>31-Jan-13</b> |
| Cash Equivalents                     | 2.44%            | 2.72%            |
| T-Bills                              | 97.08%           | 96.73%           |
| Others                               | 0.48%            | 0.55%            |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |

**Equity Sub Fund Asset Allocation (% of Total Assets) (as on 28th February, 2014)**



**Top Ten Holdings of Equity Sub-fund (as on 28th February, 2014)**

| Name                        | (% of Total Assets) | Name                          | (% of Total Assets) |
|-----------------------------|---------------------|-------------------------------|---------------------|
| Pakistan State Oil Co. Ltd. | 7.67%               | Lucky Cement Ltd              | 5.67%               |
| Pakistan Oilfields Ltd      | 7.45%               | Maple Leaf Cement Factory Ltd | 5.63%               |
| Nishat Mills Ltd.           | 7.14%               | Bank AL-Habib Ltd             | 5.37%               |
| Kot Addu Power Co Ltd       | 6.55%               | Pioneer Cement Ltd            | 4.64%               |
| Bank Al-Falah Ltd           | 5.97%               | Engro Corporation Ltd         | 3.67%               |

**As on 28th February, 2014  
Top TFC/Sukuk Holdings of Debt Sub-fund**

| Name                                      | (% of Total Assets) |
|---|---------------------|
| Standard Chartered Bank (Pakistan) Ltd IV | 3.90%               |
| Faysal Bank Limited III                   | 2.59%               |
| K Electric AZM Sukuk                      | 2.31%               |
| Engro Fertilizer Limited (PPTFC)          | 1.30%               |
| United Bank Limited III                   | 0.28%               |
| Allied Bank Limited I                     | 0.03%               |
| <b>Total</b>                              | <b>10.41%</b>       |

**Name of the Members of Investment Committee**

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM, Syed Suleman Akhtar, CFA,  
Asim Wahab Khan, CFA, Muhammad Imran, CFA, ACCA  
Salman Ahmed

**WORKERS' WELFARE FUND (WWF)**

NPF has maintained provisions against Workers' Welfare Fund's liability in individual Sub-funds as stated below:

|                                    | Total amount Provided upto February 28, 2014 | Amount Per Unit Rs | Since Inception return would otherwise have been higher by: |
|------------------------------------|--|--------------------|---|
| Equity Sub-Fund <sup>1</sup>       | 153,874                                      | 0.2915             | 0.29%   |
| Debt Sub-Fund <sup>2</sup>         | 52,795                                       | 0.0936             | 0.14%   |
| Money Market Sub-Fund <sup>2</sup> | 42,494                                       | 0.0946             | 0.14%   |

<sup>1</sup> Cumulative, <sup>2</sup> Annualized

For details investors are advised to read the Note 11 of the Financial Statements of the Scheme for the period ended December 31, 2013.

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|                              | Fund Size<br>(Rs. in mn) | NAV Per Unit (Rs.)<br>February 28, 2014 | Performance % |                               |
|------------------------------|--------------------------|---|---------------|-------------------------------|
|                              |                          |   | February 2014 | Since Launch<br>July 02, 2013 |
| NIPF-Equity Sub-fund*        | 43.7                     | 119.8244                                | (2.2%)        | 18.96%                        |
| NIPF-Debt Sub-fund**         | 41.4                     | 106.1541                                | 9.44%         | 7.81%                         |
| NIPF-Money Market Sub-fund** | 35.2                     | 105.7600                                | 11.49%        | 7.23%                         |

\* Cumulative Return [Net of management fee & all other expenses]  
\*\* Simple Annualized Return

| General Information   |  |
|-----------------------|--|
| Launch Date:          | July 2, 2013   |
| Fund Size:            | Rs. 120 million  |
| Type:                 | Open-end – Shariah Compliant Voluntary Pension Scheme                                    |
| Dealing Days:         | Daily – Monday to Friday   |
| Dealing Time:         | (Mon-Thr) 9:00 A.M to 5:00 P.M<br>(Friday) 9:00 A.M to 5:30 P.M                          |
| Pricing Mechanism     | Forward Pricing  |
| Front end Load:       | Upto 3% on Contributions   |
| Back end              | 0%   |
| Management Fee:       | On average Net Assets of each Sub-fund.<br>Equity 1.50%<br>Debt 1.25%<br>Money Market 1% |
| Risk Profile          | Investor dependent   |
| Custodian & Trustee:  | Central Depository Company (CDC)   |
| Auditors:             | M. Yousuf Adil Saleem & Co.<br>Chartered Accountants                                     |
| Fund Manager:         | Sajjad Anwar, CFA  |
| Minimum Subscription: | Initial: Rs. 10,000/-<br>Subsequent: Rs. 1,000/-   |
| Asset Manager Rating: | AM2 by PACRA (Very High Investment Management Standards)                                 |
| Leverage              | Nil  |

**Investment Objective**  
To provide a secure source of savings and regular income after retirement to the Participants.

**Fund Manager's Commentary**  
NAFA launched its Islamic open-end Voluntary Pension Scheme, NAFA Islamic Pension Fund (NIPF) in July '13 with the objective of providing a secure source of shariah compliant savings and regular income after retirement to the Participants.

**During the month of February:**  
NIPF Equity Sub-fund decreased by 2.2% compared with KMI-30 Index, which decreased by 2.9%. The Sub-fund was 89% invested in equities with major weights in Oil and Gas, Construction and Materials, and Personal Goods sectors.

NIPF Debt Sub-fund generated annualized return of 9.4%. The Sub Fund was invested primarily in GoP Ijara Sukuks and Islamic bank deposits.

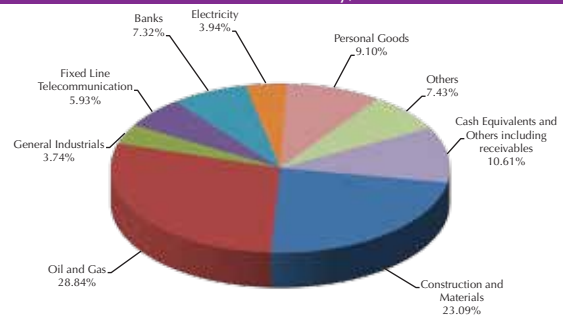
NIPF Money Market Sub-fund generated annualized return of 11.5%. The Sub Fund was invested primarily in short-term GoP Ijara Sukuks and Islamic bank deposits.

**Credit Quality of the Portfolio (as on 28th February, 2014)**

|                                   | Debt           | Money Market   |
|-----------------------------------|----------------|----------------|
| Government Securities (AAA rated) | 77.42%         | 82.74%         |
| AAA                               | 7.38%          | 2.67%          |
| AA+                               | 10.03%         | 12.33%         |
| A+                                | 2.39%          | -              |
| Others                            | 2.78%          | 2.26%          |
| <b>Total</b>                      | <b>100.00%</b> | <b>100.00%</b> |

| Asset Allocation (% of Total Assets) |                  |                  |  |
|--------------------------------------|------------------|------------------|--|
| <b>Equity Sub-fund</b>               | <b>28-Feb-14</b> | <b>31-Jan-14</b> |  |
| Equity                               | 89.39%           | 90.00%           |  |
| Cash Equivalents                     | 9.75%            | 9.33%            |  |
| Others including receivables         | 0.86%            | 0.67%            |  |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |  |
| <b>Debt Sub-fund</b>                 | <b>28-Feb-14</b> | <b>31-Jan-14</b> |  |
| Cash Equivalents                     | 17.41%           | 17.74%           |  |
| GoP Ijara Sukuk-Govt Backed          | 77.42%           | 79.92%           |  |
| Sukuk                                | 2.39%            | -                |  |
| Others                               | 2.78%            | 2.34%            |  |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |  |
| <b>Money Market Sub-fund</b>         | <b>28-Feb-14</b> | <b>31-Jan-14</b> |  |
| Cash Equivalents                     | 15.00%           | 12.96%           |  |
| GoP Ijara Sukuks - Govt Backed       | 82.74%           | 84.86%           |  |
| Others                               | 2.26%            | 2.18%            |  |
| <b>Total</b>                         | <b>100.00%</b>   | <b>100.00%</b>   |  |

**Equity Sub Fund Asset Allocation (% of Total Assets) (as on 28th February, 2014)**



**Top Ten Holdings of Equity Sub-fund (as on 28th February, 2014)**

| Name                           | (% of Total Assets) | Name                   | (% of Total Assets) |
|--------------------------------|---------------------|------------------------|---------------------|
| Pakistan State Oil Co Ltd      | 9.18%               | Pioneer Cement Ltd     | 4.97%               |
| Pakistan Oilfields Ltd         | 9.11%               | Kohat Cement Ltd       | 4.89%               |
| Nishat Mills Ltd               | 9.10%               | Lucky Cement Ltd       | 4.48%               |
| Oil & Gas Dev.Co Ltd           | 6.62%               | Hub Power Company Ltd  | 3.94%               |
| Pakistan Telecommunication Ltd | 5.93%               | Pakistan Petroleum Ltd | 3.92%               |

**WORKERS' WELFARE FUND (WWF)**

NIPF has maintained provisions against Workers' Welfare Fund's liability in individual sub-Funds as stated below:

|                                    | Total amount Provided upto February 28, 2014 | Amount Per Unit Rs | Since Inception return would otherwise have been higher by: |
|------------------------------------|--|--------------------|---|
| Equity Sub-Fund <sup>1</sup>       | 137,354                                      | 0.3771             | 0.37%   |
| Debt Sub-Fund <sup>2</sup>         | 41,563                                       | 0.1066             | 0.16%   |
| Money Market Sub-Fund <sup>2</sup> | 36,462                                       | 0.1096             | 0.16%   |

<sup>1</sup> Cumulative, <sup>2</sup> Annualized  
For details investors are advised to read the Note 11 of the Financial Statements of the Scheme for the period ended December 31, 2013.

**As on 28th February, 2014**  
**Top Holdings of Debt Sub-fund**      **Top Holdings of Money Market Sub-fund**

| Name                  | (% of Total Assets) | Name                  | (% of Total Assets) |
|-----------------------|---------------------|-----------------------|---------------------|
| GoP Ijarah (Sukuk XI) | 67.74%              | GoP Ijarah (Sukuk IX) | 57.07%              |
| GoP Ijarah (Sukuk IX) | 9.68%               | GoP Ijarah (Sukuk XI) | 25.67%              |
| K Electric AZM Sukuk  | 2.39%               | <b>Total</b>          | <b>82.74%</b>       |
| <b>Total</b>          | <b>79.81%</b>       |                       |                     |

**Name of the Members of Investment Committee**

- Dr. Amjad Waheed, CFA
- Sajjad Anwar, CFA
- Muhammad Ali Bhabha, CFA, FRM, Syed Suleman Akhtar, CFA,
- Asim Wahab Khan, CFA, Muhammad Imran, CFA, ACCA
- Salman Ahmed

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