

NBP Fullerton Asset Management Ltd.

A Subsidiary of National Bank of Pakistan

NAFA Financial Sector Income Fund (NFSIF)

MONTHLY REPORT (MUFAP's Recommended Format) Unit Price (28/02/2014): Rs. 10.4208

February 2014

Performance	nance					
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 5:30 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: A+(f) by PACRA 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 Growth Unit: Rs. 10,000/-Subscription: Income Unit: Rs. 100,000/-

Asset Manager Rating: AM2 by PACRA (Very High Investment

Management Standards)

Asset Allocation (% of Total Assets)	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%
Total	100.00%	100.00%
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%
Total	41.27%

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

Investment Objective

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

Fund Manager Commentary

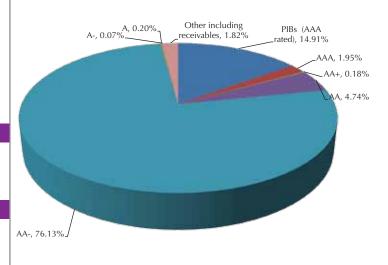
The Fund generated an annualized return of 12.1% for the month of February 2014 versus the benchmark return of 9.3% thus registering an outperformance of 2.8% p.a. Since its launch in October 2011, the Fund offered an annualized return of 10.0% against the benchmark return of 9.5%, hence an outperformance 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.

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



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.