



Performance

Performance % *	May 2012	Jan. - May. 2012	Since Launch October 28, 2011
NAFA Financial Sector Income Fund	11.65%	12.08%	12.36%
Benchmark	10.80%	10.74%	10.75%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee & all other expenses)

General Information

Launch Date:	October 28, 2011
Fund Size:	Rs. 2,597 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
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- 'Positive Outlook' by PACRA

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 annualized return generated by NFSIF for the month of May 2012 is 11.65% versus the benchmark return of 10.8% p.a., thus out-performing the benchmark return by 0.85%. Since its inception the Fund's annualized return is 12.36% against the benchmark return of 10.75% p.a., hence out-performing the benchmark by 1.61%. This outperformance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum of 70% of its assets in financial sector debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities (mainly banks) is AA-. This minimizes credit risk and at the same time enhances the liquidity of the Fund. All debt securities in the Fund are floating rate i.e. linked to KIBOR. Duration of the Fund 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 the liquidity profile of the Fund.

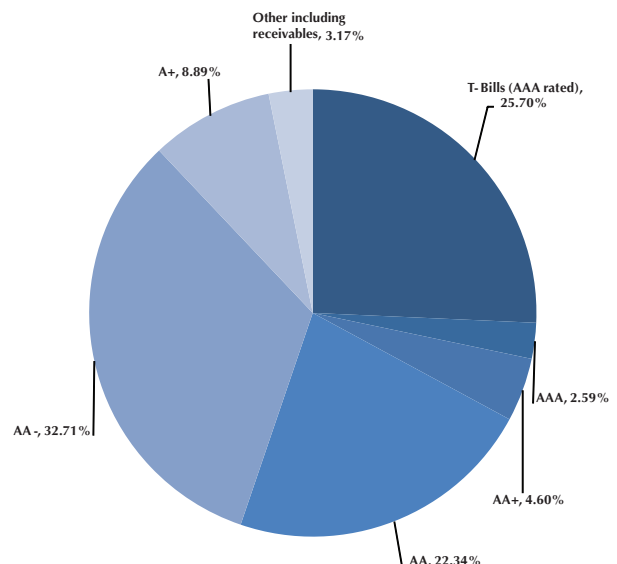
The Fund Size increased by 34% during the month. Exposure in TFCs was increased to 64.39% from 59.71% at the end of previous month. Exposure in banks will be enhanced to benefit from high profit rate on TDR due to half year end effect.

The weighted average time-to-maturity and yield-to-maturity of the Fund is 1.94 years and 12.56% p.a. respectively, while that of the TFC portfolio is 2.94 years and 13.55%. The weighted average credit quality of the Fund is AA+.

Asset Allocation (% of Total Assets) 31-May-12 30-Apr-12

Asset Allocation (% of Total Assets)	31-May-12	30-Apr-12
T-Bills	25.70%	27.59%
TFCs	64.39%	59.71%
Placement with DFIs	4.60%	4.37%
Cash Equivalents	2.14%	4.33%
Other including receivables	3.17%	4.00%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio as of May 31, 2012 (% of Total Assets)



Top Ten TFC Holdings (as at May 31, 2012)

Top 10 TFC Holding	% of Total Assets
United Bank Limited IV	16.02%
Bank Alfalah Limited IV - FT	14.19%
Faysal Bank Limited III	11.51%
NIB Bank Limited	6.61%
Jahangir Siddiqui & Company Limited V	2.60%
Allied Bank Limited II	2.51%
Bank Alfalah Limited IV - FX	2.30%
Soneri Bank Limited	2.28%
Standard Chartered Bank (Pakistan) Limited IV	1.92%
Bank AL Habib Limited I	1.70%
Total	61.64%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Ahmad Nouman, CFA
Tanvir Abid, CFA, FRM
Salman Ahmed