



NAFA Government Securities Liquid Fund (NGSLF)

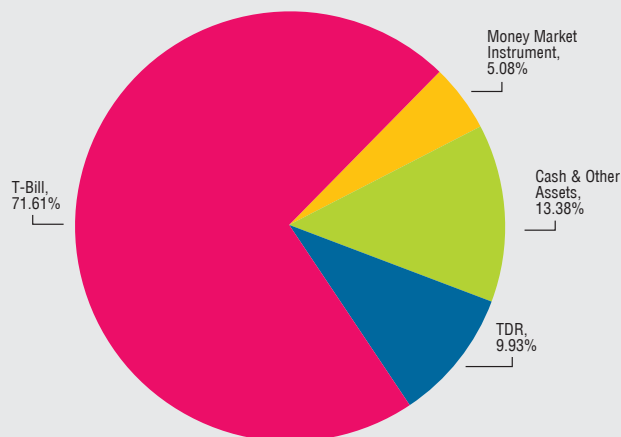
Unit Price (31/08/2009): Rs. 10.1674

August 2009

Investment Objective	Performance				
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	Performance (%)*	Jun 2009	Jul 2009	Aug 2009	Since Launch May 16, 2009
	NAFA Government Securities Liquid Fund	11.51%	10.68%	9.53%	10.86%
	Benchmark	11.56%	11.09%	11.47%	11.83%
* Represents Annualized Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date:	May 16, 2009	NAFA Government Securities Liquid Fund earned an annualized return of 9.53% during the month of August. The return earned during the month is lower in comparison to the previous month due to adjustment in the T-Bills prices as a result of rising interest rates.
Fund Size:	Rs. 2,317 million	
Type:	Open-end – Money Market Fund	<p>The Finance Ministry's meeting with IMF ended on a positive note and Government of Pakistan got an additional loan of \$3.2 billion from the Fund. With the approval of new loan, Pakistan's total borrowing will increase to \$11.2 billion from the Fund. Though the loan is positive in the short-term, it may have its repercussions on the economy in the long-term in the form of higher debt servicing. In order to pay back these loans in time from its own resources rather than fresh borrowing, Government of Pakistan needs to have in place the structural reforms (e.g increase in tax to GDP ratio, increase in tax net, etc). Though we have yet to see any major steps by the Government of Pakistan in this direction, the announcement of incentives by the Central Bank to double foreign remittances by next year is a step in the right direction.</p> <p>The Central Bank conducted two Treasury Bills auctions during August, 2009, the cut-offs in 3-Month, 6-Month, and 1-year increased by 96, 104 and 57 basis points, respectively. The reason for the increase in the demanded rate of return by the capital markets were: i) increase in the MoM inflation by 1.50%; ii) increasing burden of external debt servicing; iii) Government's heavy reliance on foreign and domestic loans to finance the twin deficits; iv) its inability to attract Foreign Direct Investment; v) Government huge budgetary borrowing target and Circular debt being funded through Commercial Banks.</p> <p>In a short span of four months since its inception, investors have invested Rs 2.317 billion in NGSLF due to the high quality of assets in the Fund and its attractive tax-exempt return of 10.86% p.a.</p>
Dealing:	Daily – Monday to Friday	
Settlement:	2-3 business days	
Load:	No entry or exit load	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	70% 3-Month T-Bills and 30% average 3-Month deposit rates (AA and above rated banks)	
Fund Manager:	Ahmad Nouman	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2009)



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