



National Fullerton  
Asset Management Limited

# NAFA Government Securities Liquid Fund (NGSLF)

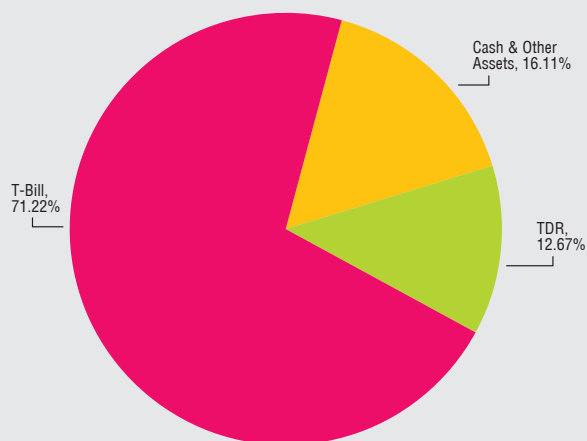
Unit Price (31/07/2009): Rs. 10.0891\*\*

July 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	<b>Performance (%)*</b>	<b>June 2009</b>	<b>July 2009</b>	<b>Since Launch May 16, 2009</b>
	<b>NAFA Government Securities Liquid Fund</b>	<b>11.51%</b>	<b>10.68%</b>	<b>11.40%</b>
	<b>Benchmark</b>	11.56%	11.09%	11.98%
* Represents Annualized Return (Returns are net of management fee & all other expenses) ** Ex-Dividend Price				

General Information		Fund Manager's Commentary
Launch Date:	May 16, 2009	NAFA Government Securities Liquid Fund (NGSLF) earned an annualized return of 10.68% during July, 2009. During the month, the Fund also made quarterly distribution of 1.40% to its unit holders.
Fund Size:	Rs. 1,815 million	
Type:	Open-end – Money Market Fund	<p>The three months T-Bills, which were yielding around 13.15% in May-end and 12.45% in June-end, came down to 11.80% at July-end. The yields went as low as around 11.33% in the first half of July and took an upward correction and closed at 11.80%. The correction came as a result of Market realization that the implicit expectations of Discount Rate cut of 150-200 basis points (bps) were probably too ambitious. In the last week of July, the SBP's decision to postpone the announcement of Monetary Policy Statement also prompted the rates to move higher.</p> <p>Auction of T-Bills is held fortnightly. In auctions conducted during the calendar year 2009, there has been a stark shift in market participants' preference for tenor of T-Bills. We have also seen strongly increased preference for these safe heaven instruments. As of December 31, 2008, total outstanding T-Bills were around Rs. 582 billion, with approx. 73.5% contribution from 3-Month T-Bills, 1.6% from 6-Month and 24.9% from 1-year Bills. At end of July, 2009, the total outstanding T-Bills have increased to around Rs. 945 billion, thus a growth of around 62.4% in seven months. This amount of Rs. 945 billion is contributed by approx. 1.1% from 3-Month T-Bills, 19.0% from 6-Month and 79.9% from 1-year Bills. This implies that market is of the view that interest rates will decline over the next one year. It also explains the banking sector risk aversion as they have increased their investments in T-Bills.</p> <p>We expect NGSLF to continue to remain attractive to investors and offer a superior risk-adjusted return than other fixed income funds in the industry. We also believe that NGSLF shall continue to provide its investors a return higher than what banks offer for a short tenure.</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 & 30% average 3-month deposit rate (AA & above rated banks)	
Fund Manager:	Ahmed Nouman	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st July 2009)



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