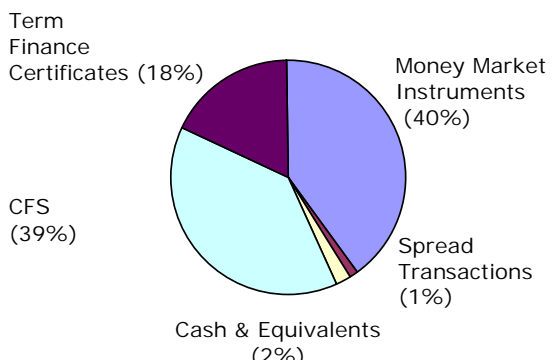
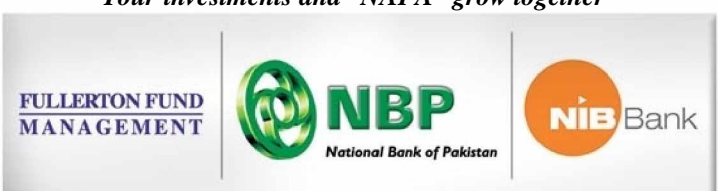


Investment Objective	Performance					
	Annualized Performance (%) (Net of expenses)	May 2006	June 2006	July 2006	August 2006	Since Launch (April 22, 2006)
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	NAFA Cash Fund: Benchmark:	10.1% 9.1%	9.7% 8.9%	9.6% 9.2%	10.4% 9.7%	10.1% 9.4%
	Profit on Rs. 100,000 invested	Rs. 856	Rs. 798	Rs. 818	Rs. 886	Rs. 3,659*

* includes income of April 2006 as well

General Information		Fund Manager Commentary
<p>Launch Date: April 22, 2006 Fund Size: Rs. 5.6 billion Type: Open-end – Fixed Income Fund Dealing: Daily (5 Days a week) Settlement: 2-3 business days Load: No entry or exit load Management Fee: 1.5% per annum</p> <p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Company Benchmark: 1-month KIBOR Fund Manager(s): Ms. Rukhsana Narejo Minimum Growth Unit: Rs. 10,000/- Subscription: Income Unit: Rs. 100,000/-</p>	<p>NAFA Cash Fund has now been operational for four months. The annualized return since inception is 10.1%, which is tax-exempt if realized in the form of capital gains. The Fund has crossed the Rs. 5.5 billion mark in this period, showing the confidence of investors in our sponsors and professional management. During this period, we have taken very calculated risks and avoid investing in instruments which offered very high yields, but carried a higher risk as well. We plan to continue with this policy, trying to optimize returns rather than maximize it. We realize that investors invested in our Fund are conservative, with safety of capital as their prime concern.</p> <p>The budget announced for FY 2006-7 is expansionary in nature with defense, development spending and subsidies projected to rise substantially over the last year. Taxes may not rise at the same pace, especially considering the expected slow down of the economy due to tightening of monetary controls by the State Bank of Pakistan. This could mean higher budget deficit and government borrowing going forward, which will in turn keep interest rates on the higher side. Steps taken by State Bank of Pakistan to improve monetary discipline have already resulted in six-month KIBOR rising since mid-July by 88 basis points to 10.43% per annum.</p> <p>NAFA Cash Fund investment in TFCs has risen from 13% in July to 19% in August. All our investments are in floating-rate TFCs, and have benefited from rising KIBOR rates. CFS rates also improved following rise in KIBOR rates and the Fund has benefited from that as well. NCF has yielded a 10.4 % return in the month of August, which makes August the best performing month since inception. The benefit from rising KIBOR is expected to continue in the future months as well.</p>	
<p>Asset Allocation (August 31, 2006)</p> 		
<p>Disclaimer: <i>The price of units may go down as well as up. Please refer to respective offering document(s).</i></p>		
<p>National Fullerton Asset Management Ltd. 9th Floor, Adamjee House, I.I.Chundrigar Road, Karachi-74000, Pakistan. Toll Free: 0800-20001 UAN: +92-21-111-111-632 Fax: +92-21-2467605</p> <p>Website: www.nafafunds.com Email: info@nafafunds.com</p>		<p><i>Your investments and "NAFA" grow together</i></p>  <p>Joint – Venture Partners</p>