

# NAFA CASH FUND (NCF) Monthly Report

Unit Price (31/08/2007): Rs. 10.1932 August 2007

| <b>Investment Objective</b>                                 | Performance  |                            |                            |              |                |                                   |  |
|---|--|----------------------------|----------------------------|--------------|----------------|-----------------------------------|--|
| To seek preservation of capital and earn a reasonable       | Annualized Performance (%) *                             | HY 1 - 2006<br>(Jul – Dec) | HY 2 - 2007<br>(Jan – Jun) | July<br>2007 | August<br>2007 | Since<br>Launch<br>April 22, 2006 |  |
| rate of return via investing in                             | NAFA Cash Fund:  | 10.3%                      | 10.3%                      | 9.9%         | 9.5%           | 10.8%                             |  |
| money market and debt                                       | Benchmark:   | 9.6%                       | 9.6%                       | 9.3%         | 9.6%           | 10.1%                             |  |
| securities with investment-<br>grade rating, CFS and spread | Monthly profit on Rs. 100,000 invested                   | Rs. 862                    | Rs. 848                    | Rs. 839      | Rs. 809        | Rs. 14,744                        |  |
| transactions.   | * Returns are net of management fee & all other expenses |                            |                            |              |                |                                   |  |

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|     |       |       |       |  |

April 22, 2006 Launch Date: Fund Size: Rs. 19.3 billion

Open-end – Fixed Income Fund Type:

Dealing: Daily

Settlement: 2-3 business days No entry or exit load Load: 1.5% per annum Management Fee:

Fund Stability Rating: A(f)

Listing:

Custodian & Trustee:

Auditors: Benchmark:

Fund Manager(s)

Minimum Subscription:

Lahore Stock Exchange

Central Depository Company (CDC)

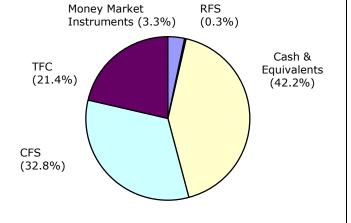
A. F. Ferguson & Company

1-month KIBOR

Ms. Rukhsana Narejo, CFA Growth Unit: Rs. 10,000/-

Income Unit: Rs. 100,000/-

## Asset Allocation (as on 31st August 2007)



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

## **National Fullerton Asset Management Ltd.**

9<sup>th</sup> Floor, Adamjee House, I.I.Chundrigar Road, Karachi-74000, Pakistan.

Toll Free: 0800-20001 UAN: +92-21-111-111-632. Fax: +92-21-2467605.

Website: www.nafafunds.com Email: info@nafafunds.com

### **Fund Manager Commentary**

The money markets are flushed with liquidity and as a result CFS, KIBOR and bank deposit rates continue to decline. Despite the fact that the State Bank of Pakistan increased the discount rate by 50 basis points to 10%, 6-month KIBOR rate has only increased by 15 basis points to close at 10.10%. CFS rates declined by 0.65% during the month, while total investment in CFS also declined by Rs 12.6 billion. Bank deposit rates declined further by 50 basis points across the board due to the prevailing money supply situation in the market. As a consequence, return on income funds has declined for the month of August, 2007.

We expect the performance of the Fund to improve in the future as we are expecting pre-IPO disbursements from certain previously identified Term Finance Certificates. TFCs are presently offering more attractive returns relative to other avenues, which should help the performance of the Fund.

Stock market, which had witnessed bearish trend for the last few weeks, has started rising again. Current stock market trend is expected to improve CFS rates and Ready Future Spreads. However, please note that NAFA Cash Fund does not invest in the stock market.

Once there is some stability on the political front, private sector borrowing is expected to rise. This is expected to result in a rise in KIBOR rates. Since 75% of our portfolio is KIBOR linked, the Fund should positively benefit from such a development.

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