

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/08/2015): Rs. 10.8710

August 2015

Performance %

| Performance Period | Aug 2015 | FYTD 2016 | Rolling 12Months Sep 14-Aug 15 | FY 2015 | FY 2014 | FY 2013 | FY 2012 | FY 2011 | Since Launch April 21, 2006 * |
|------------------------------|----------|-----------|--------------------------------|---------|---------|---------|---------|---------|-------------------------------|
| NAFA Income Opportunity Fund | 7.3% | 9.6% | 13.2% | 13.2% | 16.6% | 10.3% | (0.5%) | 5.5% | 8.5% |
| Benchmark | 7.1% | 7.1% | 8.5% | 9.0% | 9.8% | 9.9% | 12.4% | 13.3% | 11.0% |

* Annualized Return Based on Morning Star Methodology
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information

Launch Date: April 21, 2006
Fund Size: Rs. 8,277 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: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee: 1.5% per annum
Risk Profile: Low
Fund Stability Rating: "A-(f)" by PACRA
Listing: Lahore Stock Exchange
Custodian & Trustee: Central Depository Company (CDC)
Auditors: KPMG Taseer Hadi & Co.
Chartered Accountants
Benchmark: 6-Month KIBOR
Fund Manager: Muhammad Imran, CFA, ACCA
Minimum Subscription: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2+ by PACRA (High Investment Management Standards)

Investment Objective

To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Fund Manager Commentary

The Fund posted an annualized return of 7.3% in August 2015 as compared to the Benchmark return of 7.1%. During CY 15 the Fund has outperformed its Benchmark by 4.1% by earning an annualized return of 11.8%. This outperformance is net of management fee and all other expenses.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 98.3 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 8.5% p.a. and that of the TFC portfolio is 10.0% p.a. The weighted average time to maturity of the Fund is around 0.7 years. The Fund's sector allocation is fairly diversified with exposure to Chemical, Electricity, Banking, Cement and Financial Services sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

Asset Allocation (% of Total Assets) 31-Aug-15 31-July-15

| | 31-Aug-15 | 31-July-15 |
|------------------------------|-----------|------------|
| TFCs / Sukuks | 8.9% | 12.7% |
| MTS | 4.5% | 8.3% |
| T-Bills | 32.7% | 1.7% |
| Placements with Banks | 10.2% | 13.7% |
| PIBs | 2.8% | 7.2% |
| Equity | 0.4% | 0.6% |
| Bank Deposits | 34.4% | 46.5% |
| Others including receivables | 6.1% | 9.3% |
| Total | 100.0% | 100.0% |
| Leverage | Nil | Nil |

Top 10 TFC/Sukuk Holdings (as at Aug 31, 2015)

| Name of TFCs / Sukuks | % of Total Assets |
|--|-------------------|
| Engro Fertilizer Limited (PPTFC) | 2.4% |
| K Electric Azm Sukuk | 2.2% |
| Bank Alfalah Limited V | 1.7% |
| Maple Leaf Cement (Sukuk I) | 1.5% |
| Jahangir Siddiqui and Company Ltd. 08-APR-14 | 0.7% |
| Jahangir Siddiqui and Company Ltd. 30-OCT-12 | 0.4% |
| Total | 8.9% |

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 31,128,042/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0409/0.43%. For details investors are advised to read note 6 of the Financial Statements of the Scheme for the period ended March 31, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Name of the Members of Investment Committee

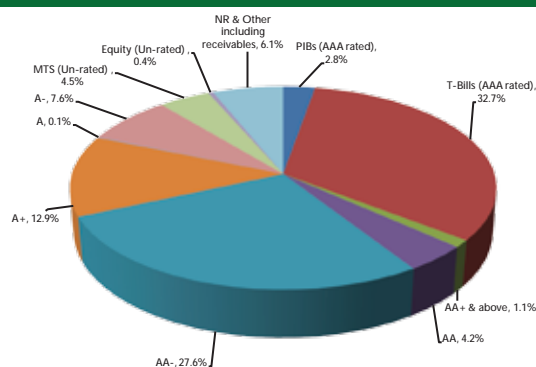
Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Syed Suleman Akhtar, CFA
Muhammad Imran, CFA, ACCA

Notes: 1) The calculation of performance does not include cost of front end load. The performance reported is based on dividend reinvestment (gross of with-holding tax where applicable)
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

Details of Non-Compliant Investments

| Particulars | Type of Investment | Value of Investments before Provision | Provision held | Value of Investments after Provision | % of Net Assets | % of Gross Assets |
|--|--------------------|---------------------------------------|----------------------|--------------------------------------|-----------------|-------------------|
| BRR Guardian Modaraba | SUKUK | 27,500,000 | 27,500,000 | - | - | - |
| Saudi Pak Leasing | TFC | 41,321,115 | 41,321,115 | - | - | - |
| World Call Telecom Limited | TFC | 88,455,825 | 88,455,825 | - | - | - |
| Eden Housing (Sukuk II) | SUKUK | 9,056,250 | 9,056,250 | - | - | - |
| AgriTech Limited I | TFC | 149,860,200 | 149,860,200 | - | - | - |
| AgriTech Limited V | TFC | 32,320,000 | 32,320,000 | - | - | - |
| Azzard Nine Limited III | TFC | 108,376,850 | 108,376,850 | - | - | - |
| Azzard Nine Limited V | TFC | 82,180,000 | 82,180,000 | - | - | - |
| Dewan Cement Limited | TFC | 150,000,000 | 150,000,000 | - | - | - |
| New Allied Electronics (PPTFC) | TFC | 31,706,536 | 31,706,536 | - | - | - |
| New Allied Electronics (Sukuk II) | SUKUK | 44,148,934 | 44,148,934 | - | - | - |
| PACE Pakistan Limited | TFC | 149,820,000 | 149,820,000 | - | - | - |
| Azzard Nine Limited (Non-Voting Ordinary Shares) | Equity | 12,854 | 12,854 | - | - | - |
| AgriTech Limited Shares | Equity | 141,403,150 | 99,588,309 | 41,814,841 | 0.5% | 0.4% |
| Total | | 1,056,161,714 | 1,014,346,873 | 41,814,841 | 0.5% | 0.4% |

Credit Quality of the Portfolio as of Aug 31, 2015 (% of Total Assets)



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved. The scheme holds certain non-complaint investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements.