

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/08/2018): Rs. 10.8285

August 2018

Performance %

Performance Period	Aug 2018	FYTD 2019	Rolling 12 months	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	Last 3 years*	Last 5 years*	Last 10 years*	Since Launch April 21, 2006 *
NAFA Income Opportunity Fund	7.5%	7.3%	5.8%	5.3%	6.3%	7.5%	13.2%	16.6%	6.2%	9.8%	7.4%	8.0%
Benchmark	8.0%	7.8%	6.6%	6.3%	6.1%	6.5%	9.0%	9.8%	6.4%	7.5%	9.9%	10.0%

* 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. 6,219 million
Type: Open-end – Income Fund
Dealing Days: Daily – Monday to Saturday (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
Dealing Time: 2-3 business days
Settlement: Forward Pricing
Pricing Mechanism: Front End Load (Individual): 1% (Nil on investment above Rs. 26 million) Front End Load (Other): 1% (Nil on investment above Rs. 16 million)
Load:** 1.00% per annum (Effective from May 2, 2017) 1.62% p.a. (including 0.35% government levies)
Management Fee: Low
Total Expense Ratio: "A(f)" by PACRA
Risk Profile: Pakistan Stock Exchange
Fund Stability Rating: Central Depository Company (CDC)
Listing: Deloitte Yousuf Adil
Custodian & Trustee: Chartered Accountants
Auditors: 6-Month KIBOR
Benchmark: Muhammad Ali Bhabha, CFA, FRM
Fund Manager: Growth Unit: Rs. 10,000/-
Minimum: Income Unit: Rs. 100,000/-
Subscription: AM1 by PACRA (Very High Quality)
Asset Manager Rating:

** effective from January 02, 2017

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 7.5% in August 2018 as compared to the Benchmark return of 8.0%. The reported return is net of management fee and all other expenses.

The weighted average time to maturity of the Fund is around 1.4 years. The Fund's sector allocation is fairly diversified with exposure to Fertilizer, Banking 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.

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
AgriTech Limited I - Revised II 29-NOV-07 29-NOV-19	TFC	149,860,200	149,860,200	-	-	-
AgriTech Limited V 01-JUL-11 01-JAN-20	TFC	32,320,000	32,320,000	-	-	-
Azgard Nine Limited III (PP) - Revised 04-DEC-07 04-DEC-18	TFC	108,376,850	108,376,850	-	-	-
Azgard Nine Limited V (PP) TFC Markup 31-MAR-12 31-MAR-19	TFC	82,180,000	82,180,000	-	-	-
BRK Guardian Modaraba - Sukuk Revised II 07-JUL-08 07-APR-19	Sukuk	5,750,784	5,750,784	-	-	-
Deewan Cement Limited (Pre-IPO) 17-JAN-08 17-JAN-19	TFC	150,000,000	150,000,000	-	-	-
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-19	Sukuk	9,056,250	9,056,250	-	-	-
New Allied Electronics Limited (PP) 15-MAY-07 15-NOV-18	TFC	31,706,536	31,706,536	-	-	-
New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-18	Sukuk	44,148,934	44,148,934	-	-	-
PACE Pakistan Limited - Revised 15-FEB-08 15-FEB-19	TFC	149,820,000	149,820,000	-	-	-
Saudi Pak Leasing Company Limited - Revised II 13-MAR-08 13-MAR-19	TFC	41,321,115	41,321,115	-	-	-
Worldcall Telecom Limited - Revised 07-OCT-08 07-OCT-21	TFC	88,455,825	88,455,825	-	-	-
Azgard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	-	-
AgriTech Limited Shares	Equity	140,948,150	110,744,975	30,203,175	0.5%	0.5%
Total		1,033,957,498	1,003,754,323	30,203,175	0.5%	0.5%

Credit Quality of the Portfolio as of Aug 31, 2018 (% of Total Assets)

T-Bills (AAA rated)	3.1%
AAA	0.7%
AA+	9.9%
AA	16.9%
AA-	31.7%
A+	27.2%
A	2.7%
A-	1.6%
RFS (Un-rated)	2.2%
MTS (Un-rated)	1.1%
Equity (Un-rated)	0.5%
Others including receivables	2.4%
Total	100.0%

Asset Allocation (% of Total Assets) 31-Aug-18 31-July-18

TFCs / Sukuks	29.1%	28.5%
T-Bills	3.1%	3.0%
Commercial Papers (Islamic)	6.5%	-
Placements with Banks	5.2%	5.1%
RFS	2.2%	0.3%
MTS	1.1%	2.2%
Equity	0.5%	0.3%
Bank Deposits	49.9%	59.2%
Others including receivables	2.4%	1.4%
Total	100.0%	100.0%
Leverage	Nil	Nil

Top TFC/Sukuk Holdings (as at Aug 31, 2018)

Name of TFCs / Sukuks	% of Total Assets
Dawood Hercules Corp Ltd 16-NOV-17 16-NOV-22	7.6%
JS Bank Limited 14-DEC-16 14-DEC-23	4.7%
HBL TFC 19-FEB-16 19-FEB-26	3.1%
BANK ALFALAH LTD - V - REVISED 20-FEB-13 20-FEB-21	2.6%
Bank of Punjab Limited 16-APR-18 16-APR-28	2.4%
Jahangir Siddiqui and Company Ltd. 06-Mar-18 06-Mar-23	2.4%
Jahangir Siddiqui and Company Ltd. 18-Jul-17 18-Jul-22	1.8%
JS Bank Limited 29-DEC-17 29-DEC-24	1.6%
Silk Bank Limited 10-AUG-17 10-AUG-25	1.4%
Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21	1.2%
Total	28.8%

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 20,671,480/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0360/0.35%. For details investors are advised to read note 6 of the financial statements of the Scheme for the period ended March 31, 2018.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Hassan Raza, CFA

Notes: 1) The calculation of performance does not include cost of front end load.
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

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