



National Fullerton
Asset Management Limited

NAFA Cash Fund (NCF)

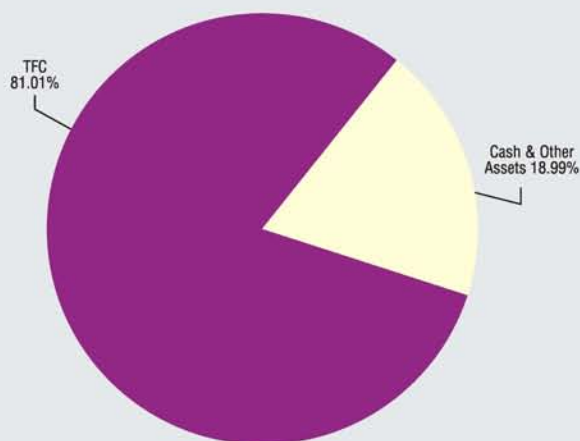
Unit Price (31/12/2009): Rs. 10.1668

December 2009

Investment Objective	Performance						
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.	Performance (%)*	Apr - Dec 2006	Jan - Dec 2007	Jan - Dec 2008	Jan - Dec 2009	December 2009	Since Launch April 22, 2006
	NAFA Cash Fund	10.65%	10.28%	2.92%	12.54%	4.84%	8.90%
	Benchmark	9.87%	10.07%	12.95%	13.63%	13.25%	11.77%
* Represents Annualized Return (Returns are net of management fee & all other expenses)							

General Information	Fund Manager's Commentary
<p>Launch Date: April 22, 2006 Fund Size: Rs. 4,825 million Type: Open-end – Income Fund Dealing: Daily - Monday to Friday Settlement: 2-3 business days Load: No entry or exit load Management Fee: 1.5% per annum</p>	<p>The Fund earned an annualized return of 4.84% during the month. The return is low due to relatively constrained liquidity in December, which is also the last accounting month for banks for the year. Traditionally also, December has been a month of tight liquidity in domestic money market. 6-Months KIBOR has remained within a band of 12.39% to 12.47% during the month and closed the month at 12.43%. Due to tight liquidity, some TFCs traded in the market at lower levels, which affected the return on the Fund. We expect that in the coming months liquidity situation will improve, and TFCs will trade at higher levels, benefitting our investors.</p>
<p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 1-Month KIBOR Fund Manager: Irfan Malik, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st December 2009)



There has been a notable improvement in 1H-FY2010 macro-economic indicators of Pakistan, importantly current account deficit. Year on Year (YoY) Core Inflation numbers have continued the downward trend observed throughout CY 2009, with Trimmed and Non Food Non Energy (NFNE) YoY core inflation November numbers settling at 10.5% and 10.6% respectively. However, month-on-month CPI number was worrisome at 1.4%. One breather has been the recent release of IMF funds of USD 1.2 bln and the expected USD 1 bln from Japan under Friends of Pakistan pledges and USD 1.5 bln from USA. Pressure on fiscal deficit is likely to ease going forward as subsidies are eliminated gradually. Fiscal austerity and law and order situation will continue to set the pace of improvement in the general economic health.

The weighted average yield to maturity on the TFCs held in NAFA Cash Fund (NCF) is around 15.42% p.a. In the coming months, with expected improvement in liquidity based on expected non-IMF inflows, we expect upside potential in TFCs prices. The AA rating category make up more than 57% of the NCF TFCs portfolio, while A rating category constitutes 30%. This signifies the sound credit quality of your Fund's TFC portfolio. The dismal performance of cement sector is, however, a concern, but such effected Sukuks are in the process of restructuring and are expected to complete soon.

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