

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/12/2015): Rs. 11.1438

December 2015

Performance %

Performance Period	Dec 2015	FYTD 2016	Rolling 12Months Jan 15 - Dec 15	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Launch April 21, 2006 *
NAFA Income Opportunity Fund	7.5%	8.3%	10.6%	13.2%	16.6%	10.3%	(0.5%)	5.5%	8.5%
Benchmark	6.5%	6.7%	7.3%	9.0%	9.8%	9.9%	12.4%	13.3%	10.8%

* 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. 9,476 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: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Load: 1.30% per annum
Management Fee: Low
Risk Profile: "A-(f)" by PACRA
Fund Stability Rating: Lahore Stock Exchange
Listing: Central Depository Company (CDC)
Custodian & Trustee: Deloitte Yousuf Adil
Auditors: 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 7.5% in December 2015 as compared to the Benchmark return of 6.5%. Superior performance during the month is due to principal and profit payment by a non performing Cable & Electrical Goods sector Sukuk. During CY 15 the Fund has outperformed its Benchmark by 3.3% by earning an annualized return of 10.6%. This outperformance is net of management fee and all other expenses.

The weighted average Yield to Maturity of the Fund is around 7.7% p.a. and that of the TFC portfolio is 8.4% p.a. The weighted average time to maturity of the Fund is around 0.4 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.

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	86,403,672	86,403,672	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,056,250	9,056,250	-	-	-
Agriotech Limited I	TFC	149,860,200	149,860,200	-	-	-
Agriotech 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	-	-	-
Agriotech Limited Shares	Equity	141,403,150	103,628,309	37,774,842	37,774,842	0.4%
Total		1,054,109,561	1,016,334,720	37,774,842	37,774,842	0.4%

Asset Allocation (% of Total Assets) 31-Dec-15 30-Nov-15

	31-Dec-15	30-Nov-15
TFCs / Sukuks	8.2%	8.0%
MTS	3.7%	1.9%
T-Bills	0.7%	10.3%
Placements with Banks	13.3%	18.4%
PIBs	2.7%	2.6%
RFS	0.2%	-
Equity	0.4%	0.3%
Bank Deposits	64.7%	52.5%
Others including receivables	6.1%	6.0%
Total	100.0%	100.0%
Leverage	Nil	Nil

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

Name of TFCs / Sukuks	% of Total Assets
Engro Fertilizer Limited (PPTFC)	2.3%
K Electric Azm Sukuk	2.1%
Bank Alfalah Limited V	1.6%
Maple Leaf Cement (Sukuk I)	1.3%
Jahangir Siddiqui and Company Ltd. 08-APR-14	0.7%
Jahangir Siddiqui and Company Ltd. 30-OCT-12	0.2%
Total	8.2%

WORKERS' WELFARE FUND (WWF)

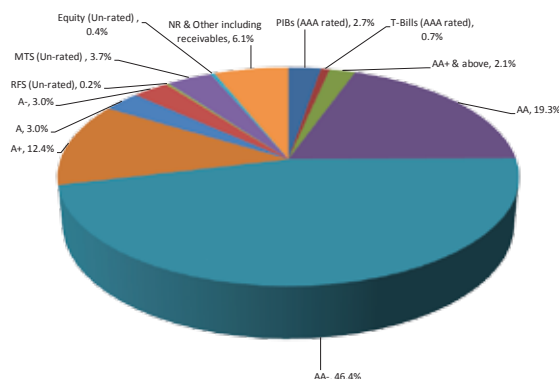
The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 31,128,042/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0366/0.36%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 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.
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

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



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