

Performance

Performance % **	February 2011	FYTD Jul. 2010 - Feb. 2011	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	13.99%	2.71%	2.87%	7.31%
Benchmark	13.76%	13.03%	12.80%	11.50%

* Ex-Distribution Price

** Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee & all other expenses)

General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 2,832 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0%, 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 (Benchmark changed with effect from 15-12-2010. Previous Benchmark was 1-Month KIBOR)
Fund Manager:	Usman Khan
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

Investment Objective

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.

Fund Manager Commentary

The Fund earned an annualized return of 13.99% during February 2011. This is better than the benchmark return by 0.23%.

Some recent positive developments include clearance of Competition Commission of Pakistan to a leading Fertilizer Company to bid for a smaller Fertilizer player owned by a Textile Company. NIOF is expected to benefit from this development if it materializes as the Fund has TFCs of both companies i.e. the Textile and its Fertilizer subsidiary, marked at around 50% discount to the Par Value.

The annual Yield to Maturity of your Fund is currently around 24% while that of the TFC portfolio is 26.1%. The weighted average maturity of your Fund is 2.7 years. Going forward, we expect healthy returns on your Fund over a three year investment horizon because most TFCs are marked at a significant discount to their par values hence offering attractive yields. Materialization of the above mentioned development and reasonable performance of cement, real estate and telecom sectors are expected to improve the future returns of your Fund.

Asset Allocation (% of NAV) 28-Feb-11 31-Jan-11

TFC / Sukuk	83.25%	70.75%
Cash Equivalents	26.52%	23.87%
Other (Liabilities) / Assets	-9.77%	5.38%
Total	100.00%	100.00%
Leverage	Nil	Nil

Details of Non-Compliant Investments

Name of Non Compliant Investment	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	Yield to Maturity per annum
Agritech Limited	TFC	149,880,000	73,441,200	76,438,800	2.70%	41.96%
Azgard Nine Limited PPTFC	TFC	249,800,000	122,402,000	127,398,000	4.50%	40.24%
Kohat Cement Limited	Sukuk	241,500,000	78,134,185	***163,365,815	5.77%	31.58%
Maple Leaf Cement Sukuk I	Sukuk	399,660,000	149,015,229	***250,644,771	8.85%	29.14%
BRR Guardian Modaraba Sukuk	Sukuk	50,000,000	12,500,000	37,500,000	1.32%	35.18%
Saudi Pak Leasing	TFC	54,269,100	17,669,171	36,599,929	1.29%	23.64%
Eden Housing Sukuk II	Sukuk	33,637,500	10,271,480	***23,366,020	0.83%	38.86%
Total		1,178,746,600	463,433,265	715,313,335	25.26%	

*** Book value, performing but below investment grade

TFC/SUKUK Holdings (as at February 28, 2011)

Name of TFCs / Sukuks	% of Net Assets
Pakistan Mobile Comm (Listed II)	11.71%
Engro Fertilizer (PPTFC)	9.76%
Orix Leasing Pakistan (PPTFC)	9.09%
Maple Leaf Cement (Sukuk)	8.85%
World Call Telecom Limited	5.94%
Kohat Cement Limited (Sukuk)	5.77%
Azgard Nine PPTFC	4.50%
Avari Hotels Limited	4.25%
Pace Pakistan Limited	3.44%
Century Paper & Board (Sukuk)	3.44%
Total	66.75%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Ahmad Nouman, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Usman Khan

Credit Quality of the Portfolio (% of NAV)

