



NAFA Income Opportunity Fund (NIOF)

Formerly NAFA Cash Fund

NBP Fullerton
Asset Management Limited
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/06/2011): Rs. 10.0100

June 2011

Performance

Performance %	June * 2011	Jan. - Jun. 2011 **	FY 2010 - 11 **	Since Launch April 22, 2006**
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	-4.21%	4.47%	5.49%	7.56%
Benchmark	1.07%	13.73%	13.26%	11.64%

* Represent Cumulative Return

** Represent Annualized Return - (based on morning star formula)

(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 2,505 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 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
Fund Manager:	Usman Khan
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' 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's unit price declined by 4.21% during June 2011. This is mainly due to provisioning in Azgard Nine (ANL) and Agritec (ATL) TFCs, and conservative accrual income adjustment in Cement sector Sukuks. Now ATL and ANL are valued at 28% of their principal value.

The Fund has high allocation in TFCs of around 92% of the Fund size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During 1H CY 2011 average 6-Month KIBOR was around 13.73% as against 12.33% for the same period last year, and is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is Rs.85 against the par value of Rs100.

The Yield to Maturity of your Fund is around 21.81% p.a. and that of the TFC portfolio is 23.52% p.a. The weighted average time to maturity of your Fund is 2.89 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Textile, Leasing, Real Estate, Banking, Paper & Board and Leisure (Hotel) sub-sectors. However, there are TFCs in the portfolio and their prices may go up and down, therefore only long-term investors are advised to invest in this Fund.

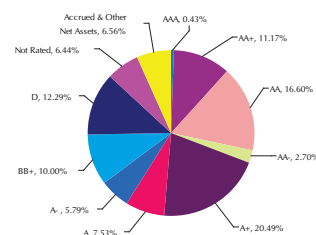
Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Agritec Limited	TFC	149,880,000	107,913,600	41,966,400	1.68%	1.40%	67.17%
Azgard Nine Limited PPTFC	TFC	249,800,000	179,856,000	69,944,000	2.79%	2.34%	63.01%
Kohat Cement Limited	Sukuk	241,500,000	80,172,204	*** 161,327,796	6.44%	5.40%	33.53%
Maple Leaf Cement Sukuk I	Sukuk	399,490,000	148,951,844	*** 250,538,156	10.00%	8.39%	29.74%
BRR Guardian Modaraba Sukuk	Sukuk	50,000,000	12,500,000	37,500,000	1.50%	1.26%	23.53%
Saudi Pak Leasing	TFC	52,963,500	17,994,508	*** 34,968,992	1.40%	1.17%	26.46%
Eden Housing Sukuk II	Sukuk	32,775,000	10,008,108	22,766,892	0.91%	0.76%	41.06%
PACE Pakistan Limited	TFC	149,820,000	49,064,402	*** 100,755,598	4.02%	3.37%	36.00%
Maple Leaf Cement Sukuk II	Sukuk	15,000,000	15,000,000	-	0.00%	0.00%	0.00%
Gharibwal Cement Limited PPTFC	TFC	24,355,500	24,355,500	-	0.00%	0.00%	0.00%
New Allied Electronics PPTFC	TFC	31,706,536	31,706,536	-	0.00%	0.00%	0.00%
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	0.00%	0.00%	0.00%
New Allied Electronics Sukuk II	Sukuk	44,148,934	44,148,934	-	0.00%	0.00%	0.00%
Total		1,591,439,470	871,671,636	719,767,834	28.73%	24.09%	

*** Book Value, performing but below investment grade

Excess / (Short) exposures	Exposure Type	% of Net Assets	Limit	Excess / (Short)
Particulars				
Orix Leasing Pakistan PPTFC	Per Party	10.46%	10%	0.46%
Engro Chemical (Perpetual)	Per Party	11.63%	10%	1.63%
Pakistan Mobile Comm (L2)	Per Party	14.66%	10%	4.66%
Cash and Cash Equivalent	Cash Balance	1.24%	25%	(23.76)%

Credit Quality of the Portfolio (% of NAV)



Name of the Members of Investment Committee

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

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. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.