

# NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/06/2016): Rs. 10.7016

June 2016

## Performance %

| Performance Period           | June 2016 | CYTD 2016 | FY 2016 | FY 2015 | FY 2014 | FY 2013 | FY 2012 | Since Launch April 21, 2006 * |
|------------------------------|-----------|-----------|---------|---------|---------|---------|---------|-------------------------------|
| NAFA Income Opportunity Fund | 6.6%      | 6.4%      | 7.5%    | 13.2%   | 16.6%   | 10.3%   | (0.5%)  | 8.4%                          |
| Benchmark                    | 6.1%      | 6.3%      | 6.5%    | 9.0%    | 9.8%    | 9.9%    | 12.4%   | 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. 6,274 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: Pakistan 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 6.6% in June 2016 as compared to the Benchmark return of 6.1%. During FY16 the Fund has outperformed its Benchmark by 1.0% by earning an annualized return of 7.5%. This outperformance is net of management fee and all other expenses.

The weighted average Yield to Maturity of the TFC portfolio is 7.8% p.a. The weighted average time to maturity of the Fund is around 0.4 year. The Fund's sector allocation is fairly diversified with exposure to Electricity, 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.

## Asset Allocation (% of Total Assets) 30-June-16 31-May-16

|                              |               |               |
|------------------------------|---------------|---------------|
| TFCs / Sukuks                | 4.7%          | 5.3%          |
| MTS                          | 1.0%          | 0.9%          |
| T-Bills                      | 0.6%          | 0.7%          |
| PIBs                         | 2.4%          | 2.7%          |
| Placements with Banks        | 16.5%         | 25.4%         |
| Placements with DFIs         | -             | 9.8%          |
| RFS                          | -             | 0.1%          |
| Equity                       | 0.3%          | 0.4%          |
| Bank Deposits                | 49.8%         | 48.7%         |
| Others including receivables | 24.7%         | 6.1%          |
| <b>Total</b>                 | <b>100.0%</b> | <b>100.0%</b> |

Leverage Nil Nil

## Top TFC/Sukuk Holdings (as at June 30, 2016)

| Name of TFCs / Sukuks                        | % of Total Assets |
|--|-------------------|
| K Electric Azm Sukuk                         | 1.9%              |
| Bank Alfalah Limited V                       | 1.4%              |
| Jahangir Siddiqui and Company Ltd. 16-MAY-16 | 0.9%              |
| Jahangir Siddiqui and Company Ltd. 08-APR-14 | 0.5%              |
| <b>Total</b>                                 | <b>4.7%</b>       |

## 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. 0.0525/0.53%. For details investors are advised to read note 06 of the Financial Statements of the Scheme for the period ended March 31, 2016. 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 the Income Tax Ordinance, 2001.

## 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              | 26,562,500                            | 26,562,500           | -                                    | -               | -                 |
| Saudi Pak Leasing                                | TFC                | 41,321,115                            | 41,321,115           | -                                    | -               | -                 |
| World Call Telecom Limited                       | TFC                | 88,455,825                            | 88,455,825           | -                                    | -               | -                 |
| Eden Housing (Sukuk II)                          | SUKUK              | 9,056,250                             | 9,056,250            | -                                    | -               | -                 |
| Agri-tech Limited I                              | TFC                | 149,860,200                           | 149,860,200          | -                                    | -               | -                 |
| Agri-tech 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               | -                                    | -               | -                 |
| Agri-tech Limited Shares                         | Equity             | 141,403,150                           | 106,698,777          | 34,704,373                           | 0.5%            | 0.3%              |
| <b>Total</b>                                     |                    | <b>1,055,224,214</b>                  | <b>1,020,519,841</b> | <b>34,704,373</b>                    | <b>0.5%</b>     | <b>0.3%</b>       |

## Credit Quality of the Portfolio as of June 30, 2016 (% of Total Assets)

|                                  |               |
|----------------------------------|---------------|
| PIBs (AAA rated)                 | 2.4%          |
| T-Bills (AAA rated)              | 0.6%          |
| AA+                              | 44.0%         |
| AA                               | 2.2%          |
| AA-                              | 2.5%          |
| A+                               | 17.8%         |
| A-                               | 4.5%          |
| MTS (Un-rated)                   | 1.0%          |
| Equity (Un-rated)                | 0.3%          |
| NR & Other including receivables | 24.7%         |
| <b>Total</b>                     | <b>100.0%</b> |

**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. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved. The scheme holds certain non-compliant investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements. The reported returns may include provisioning and reversal of provisioning against some debt securities.