

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2017): Rs. 11.3168

May 2017

Performance %									
Performance Period	May 2017	FYTD 2017	Trailing 12 months June 16 - May 17	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	Since Launch April 21, 2006 *
NAFA Income Opportunity Fund	4.6%	6.3%	6.3%	7.5%	13.2%	16.6%	10.3%	(0.5%)	8.2%
Benchmark	6.2%	6.1%	6.1%	6.5%	9.0%	9.8%	9.9%	12.4%	10.4%

* 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. 13,172 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Ramazan Dealing Time:	(Mon - Thr) 8:30 A.M to 2:30 P.M (Friday) 8:30 A.M to 12:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:**	Front End Load (Individual): 1% (Nil on investment above Rs. 26 million) Front End Load (Other): 1% (Nil on investment above Rs. 16 million) Back End Load: NIL
Management Fee:	1.00% per annum (Effective from May 2, 2017)
Total Expense Ratio:	2.10% p.a. (including 0.41% government levies)
Risk Profile:	Low
Fund Stability Rating:	"A(f)" by PACRA
Listing:	Pakistan Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	Deloitte Yousuf Adil Chartered Accountants
Benchmark:	6-Month KIBOR
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM1 by PACRA (Very High Quality)

** effective from January 02, 2017

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 4.6% in May 2017 as compared to the Benchmark return of 6.2%. During FYTD the Fund has outperformed its Benchmark by 0.2% by earning an annualized return of 6.3%. This outperformance is net of management fee and all other expenses.
The weighted average Yield to Maturity of the Fund is around 7.6% p.a. and that of the TFC portfolio is 7.0% p.a. The weighted average time to maturity of the Fund is around 0.28 year. The Fund's sector allocation is fairly diversified with exposure to 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)	31-May-17	29-Apr-17
TFCs / Sukuks	4.2%	4.2%
MTS	1.0%	0.3%
T-Bills	1.2%	1.1%
RFS	21.0%	3.3%
PIBs	1.8%	1.8%
Placements with Banks	23.4%	15.0%
Placements with DFIs	9.6%	9.4%
Commercial Paper	1.3%	0.7%
Equity	0.3%	0.3%
Bank Deposits	34.6%	57.2%
Others including receivables	1.6%	6.7%
Total	100.0%	100.0%
Leverage	Nil	Nil

Top TFC/Sukuk Holdings (as at May 31, 2017)	
Name of TFCs / Sukuks	% of Total Assets
JS Bank Limited 14-DEC-16 14-DEC-23	2.1%
BANK ALFALAH LTD - V - REVISED 20-FEB-13 20-FEB-21	1.1%
Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21	0.7%
Jahangir Siddiqui and Company Ltd. 08-APR-14 08-APR-19	0.3%
Total	4.2%

Sindh Workers' Welfare Fund (SWWF)	
The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 18,848,147/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0162/0.15%. For details investors are advised to read note 5 of the Financial Statements of the Scheme for the period ended March 31, 2017.	
Name of the Members of Investment Committee	
Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Muhammad Ali Bhabha, CFA, FRM Hassan Raza, CFA	

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.

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.

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
AgriTech Limited I - Revised II 29-NOV-07 29-NOV-19	TFC	149,860,200	149,860,200	-	-	-
AgriTech Limited V 01-JUL-11 01-JAN-18	TFC	32,320,000	32,320,000	-	-	-
Azgard Nine Limited III (PP) - Revised 04-DEC-07 04-DEC-17	TFC	108,376,850	108,376,850	-	-	-
Azgard Nine Limited V (PP) TFC Markazi 31-MAR-12 31-MAR-19	TFC	82,180,000	82,180,000	-	-	-
BRR Guardian Modaraha - Sukuk Revised II 07-JUL-08 07-APR-19	SUKUK	14,841,712	14,841,712	-	-	-
Dewan Cement Limited (Pre-IPO) 17-JAN-08 17-JAN-18	TFC	150,000,000	150,000,000	-	-	-
Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-17	SUKUK	9,056,250	9,056,250	-	-	-
New Allied Electronics Limited (PP) 15-NOV-07 15-NOV-17	TFC	31,706,536	31,706,536	-	-	-
New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-17	SUKUK	44,148,934	44,148,934	-	-	-
PACE Pakistan Limited - Revised 15-FEB-08 15-FEB-19	TFC	149,820,000	149,820,000	-	-	-
Saudi Pak Leasing Company Limited - Revised III 13-MAR-08 13-MAR-19	TFC	41,321,115	41,321,115	-	-	-
Worldcall Telecom Limited - Revised 07-OCT-08 07-OCT-21	TFC	88,455,825	88,455,825	-	-	-
Azgard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	-	-
AgriTech Limited Shares	Equity	141,403,150	99,103,408	42,299,742	0.3%	0.3%
Total		1,043,503,426	1,001,203,684	42,299,742	0.3%	0.3%

Credit Quality of the Portfolio as of May 31, 2017 (% of Total Assets)	
PIBs (AAA rated)	1.8%
T-Bills (AAA rated)	1.2%
AAA	0.5%
AA+	29.1%
AA	0.7%
AA-	14.7%
A+	12.6%
A	3.5%
A-	12.0%
RFS (Un-rated)	21.0%
MTS (Un-rated)	1.0%
Equity (Un-rated)	0.3%
Others including receivables	1.6%
Total	100.0%