

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2018): Rs. 11.2166

May 2018

Performance %

| Performance Period | May 2018 | FYTD 2018 | Rolling 12 months | FY 2017 | FY 2016 | FY 2015 | FY 2014 | FY 2013 | Last 3 years* | Last 5 years* | Last 10 years* | Since Launch April 21, 2006 * |
|------------------------------|----------|-----------|-------------------|---------|---------|---------|---------|---------|---------------|---------------|----------------|-------------------------------|
| NAFA Income Opportunity Fund | 5.3% | 5.3% | 5.4% | 6.3% | 7.5% | 13.2% | 16.6% | 10.3% | 6.6% | 10.0% | 7.5% | 8.0% |
| Benchmark | 6.6% | 6.3% | 6.3% | 6.1% | 6.5% | 9.0% | 9.8% | 9.9% | 6.3% | 7.6% | 10.1% | 10.1% |

* 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 withholding tax where applicable.

General Information

| | |
|------------------------|---|
| Launch Date: | April 21, 2006 |
| Fund Size: | Rs. 7,363 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: | |
| 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) |
| Management Fee: | 1.00% per annum (Effective from May 2, 2017) |
| Total Expense Ratio: | 1.63% p.a.(including 0.33% government levies) |
| Risk Profile: | Low |
| Fund Stability Rating: | "A(i)" 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 Growth Unit: | Rs. 10,000/- |
| Subscription: | Income Unit: Rs. 100,000/- |
| Asset Manager Rating: | AM1 by PACRA (Very High Quality) |

** effective from January 02, 2017

Asset Allocation (% of Total Assets) 31-May-18 30-Apr-18

| | 31-May-18 | 30-Apr-18 |
|------------------------------|---------------|---------------|
| TFCs / Sukuks | 25.0% | 22.1% |
| T-Bills | 2.7% | 2.3% |
| Placements with Banks | 5.5% | 4.9% |
| Placements with DFIs | - | 9.1% |
| RFS | 0.8% | 1.2% |
| MTS | 1.3% | 4.6% |
| Equity | 0.3% | 0.3% |
| Bank Deposits | 63.2% | 53.4% |
| Others including receivables | 1.2% | 2.1% |
| Total | 100.0% | 100.0% |
| Leverage | Nil | Nil |

Top TFC/Sukuk Holdings (as at May 31, 2018)

| Name of TFCs / Sukuks | % of Total Assets |
|--|-------------------|
| Dawood Hercules Corp Ltd 16-NOV-17 16-NOV-22 | 6.5% |
| JS Bank Limited 14-DEC-16 14-DEC-23 | 4.0% |
| HBL TFC 19-FEB-16 19-FEB-26 | 2.6% |
| BANK ALFALAH LTD - V - REVISED 20-FEB-13 20-FEB-21 | 2.2% |
| Jahangir Siddiqui and Company Ltd. 06-Mar-18 06-Mar-23 | 2.0% |
| Bank of Punjab Limited 16-APR-18 16-APR-28 | 2.0% |
| Jahangir Siddiqui and Company Ltd. 18-Jul-17 18-Jul-22 | 1.6% |
| JS Bank Limited 26-DEC-17 26-DEC-24 | 1.3% |
| Silk Bank Limited 10-AUG-17 10-AUG-25 | 1.2% |
| Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21 | 1.2% |
| Total | 24.6% |

Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 18,867,035/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0287/0.27%. For details investors are advised to read note 6 of the financial statements of the Scheme for the period ended March 31, 2018.

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.

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 5.3% in May 2018 as compared to the Benchmark return of 6.6%. The reported return is net of management fee and all other expenses.

The weighted average time to maturity of the Fund is around 1.2 years. The Fund's sector allocation is fairly diversified with exposure to Fertilizer, 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.

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-20 | TFC | 32,320,000 | 32,320,000 | - | - | - |
| Azgard Nine Limited III (PP) - Revised 04-DEC-07 04-DEC-18 | TFC | 108,376,850 | 108,376,850 | - | - | - |
| Azgard Nine Limited V (PPTFC Markup) 31-MAR-12 31-MAR-19 | TFC | 82,180,000 | 82,180,000 | - | - | - |
| BRK Guardian Modaraba - Sukuk Revised II 07-JUL-08 07-APR-19 | Sukuk | 7,049,488 | 7,049,488 | - | - | - |
| Devan Cement Limited (Pre-IPO) 17-JAN-08 17-JAN-19 | TFC | 150,000,000 | 150,000,000 | - | - | - |
| Eden House Limited - Sukuk Revised 29-MAR-08 29-SEP-19 | Sukuk | 9,056,250 | 9,056,250 | - | - | - |
| New Allied Electronics Limited (PP) 15-MAY-07 15-NOV-18 | TFC | 31,706,536 | 31,706,536 | - | - | - |
| New Allied Electronics Limited II - Sukuk 03-DEC-07 03-DEC-18 | 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 II 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 | 140,948,150 | 119,161,593 | 21,786,557 | 0.3% | 0.3% |
| Total | | 1,035,256,202 | 1,013,469,645 | 21,786,557 | 0.3% | 0.3% |

Credit Quality of the Portfolio as of May 31, 2018 (% of Total Assets)

| | |
|------------------------------|---------------|
| T-Bills (AAA rated) | 2.7% |
| AAA | 0.5% |
| AA+ | 8.8% |
| AA | 8.9% |
| AA- | 44.1% |
| A+ | 15.7% |
| A | 14.3% |
| A- | 1.4% |
| RFS (Un-rated) | 0.8% |
| MTS (Un-rated) | 1.3% |
| Equity (Un-rated) | 0.3% |
| Others including receivables | 1.2% |
| Total | 100.0% |