



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/09/2013): Rs. 10.2815

September 2013

Performance

Performance %	September 2013 *	FYTD Jul 2013 - Sep 2013*	Trailing 12 Months Oct12 -Sep 13 *	Since Launch April 22, 2006 **
NAFA Income Opportunity Fund	20.31%	10.27%	12.21%	6.90%
Benchmark	9.26%	9.16%	9.42%	11.43%

* Annualized Simple Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date: April 22, 2006
Fund Size: Rs. 1,733 million
Type: Open-end – Income Fund
Dealing Days: Daily – Monday to Saturday
Dealing Time: (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
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: "BBB+(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: Muhammad Imran, CFA, ACCA
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

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 posted an annualized return of 20.3% during September 2013 as compared to the benchmark return of 9.3%. Outperformance of the Fund during the month is due to the profit & principal repayment of cement sector Sukuks which are valued at a discount to their par values. During the last one year the Fund has outperformed its benchmark by 2.8% by earning an annualized return of 12.2%.

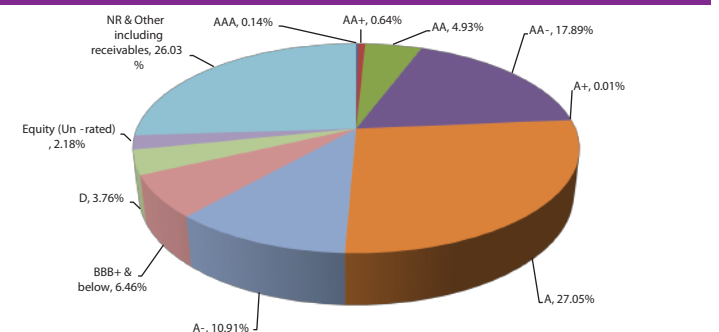
Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 83.16 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 15.50% p.a. and that of the TFC portfolio is 23.69% p.a. The weighted average time to maturity of the Fund is about 1.51 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Financial Services, Banking, and Leisure (Hotel) sub-sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. Therefore, in case of increase in interest rates, the coupon income of the Fund will improve. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon 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
BRR Guardian Modaraba***	SUKUK	42,812,500	-	32,109,375	1.85%	1.45%	43.27%
Escort Investment Bank Limited***	TFC	4,995,960	-	3,683,801	0.21%	0.17%	18.00%
Kohat Cement Limited (Sukuk)***	SUKUK	27,609,995	-	20,707,496	1.19%	0.93%	6.20%
Saudi Pak Leasing***	TFC	44,323,740	-	22,161,870	1.28%	1.00%	54.05%
World Call Telecom Limited	TFC	96,370,722	81,915,114	14,455,608	0.83%	0.65%	28.40%
Eden Housing (Sukuk II)	SUKUK	14,662,500	5,111,509	9,550,991	0.55%	0.43%	96.38%
Maple Leaf Cement (Sukuk I)	SUKUK	349,150,000	209,490,000	139,660,000	8.06%	6.29%	40.36%
Pak Elektron Limited (Sukuk)	SUKUK	51,428,571	46,285,714	5,142,857	0.30%	0.23%	174.49%
Agritech Limited I	TFC	149,860,200	149,860,200	-	n/a	n/a	n/a
Agritech Limited V	TFC	32,320,000	32,320,000	-	n/a	n/a	n/a
Azzgard Nine Limited III	TFC	108,376,850	108,376,850	-	n/a	n/a	n/a
Azzgard Nine Limited V	TFC	82,180,000	82,180,000	-	n/a	n/a	n/a
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	n/a	n/a	n/a
Ghanibwal Cement Limited (PPTFC)	TFC	24,355,500	24,355,500	-	n/a	n/a	n/a
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	n/a	n/a	n/a
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	n/a	n/a	n/a
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	n/a	n/a	n/a
Azzgard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	n/a	n/a	n/a
Agritech Limited Shares	Equity	141,403,150	92,922,070	48,481,080	2.80%	2.18%	n/a
Total		1,545,538,012	1,208,505,280	295,953,078	17.07%	13.33%	

***Said TFCs are performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

Credit Quality of the Portfolio as of September 30, 2013 (% of Total Assets)



Asset Allocation (% of Total Assets) 30-Sep-13 31-Aug-13

Asset Allocation (% of Total Assets)	30-Sep-13	31-Aug-13
TFCs / Sukuks	36.76%	37.28%
Placement with DFIs	-	2.22%
Placement with Banks	7.88%	-
Equity	2.18%	2.02%
Cash Equivalents	28.08%	33.10%
Others including receivables	25.10%	25.38%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC/Sukuk Holdings (as at September 30, 2013)

Name of TFCs / Sukuks	% of Total Assets
Pakistan Mobile Communication (Listed II)	6.89%
Engro Fertilizer Limited (PPTFC)	6.86%
Maple Leaf Cement (Sukuk I)	6.29%
Bank Alfalah Limited V	4.61%
Avari Hotels Limited	2.96%
Allied Bank Limited II	2.82%
BRR Guardian Modaraba	1.45%
Engro Fertilizer Limited	1.15%
Saudi Pak Leasing	1.00%
Kohat Cement Limited (Sukuk)	0.93%
Total	34.96%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.16,097,449/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0955/1.04%. For details investors are advised to read note 6 of the Financial Statement of the Scheme for the period ended March 31, 2013.

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

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