



National Fullerton
Asset Management Limited

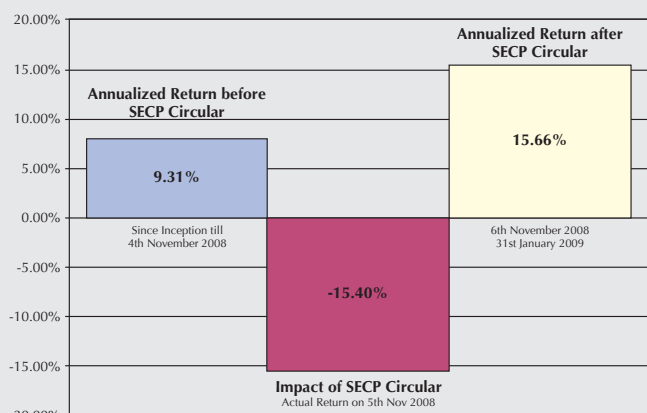
NAFA Islamic Income Fund (NIIF)

Unit Price (31/01/2009): Rs. 8.9425

January 2009

Investment Objective	Performance					
	Performance (%)	Jan - Jun 2008*	Jul - Dec 2008**	Dec 2008**	Jan 2009*	Since Launch October 29, 2007**
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	NAFA Islamic Income Fund	8.62%	(11.62)%	(1.09)%	38.77%	(4.07)%
	Benchmark	5.31%	2.90%	0.53%	7.74%	7.22%
	* Represents Annualized Return ** Represents cumulative Return (Returns are net of management fee & all other expenses)					

General Information	Fund Manager's Commentary
Launch Date: October 29, 2007 Fund Size: Rs. 525 million Type: Open-end – Fixed Income Fund Dealing: Daily Settlement: 2-3 business days Load: Front end - 1.0% Management Fee: 1.5% per annum	<p>During the month of January 2009, NAFA Islamic Income Fund (NIIF) generated an annualized return of 38.77% per annum. Average annualized rate of return offered by the Islamic banks during the month of January 2009 was calculated at 7.74% per annum.</p> <p>With the improvement in the liquidity condition in the market, we saw significant trading activity in the sukuk market. As mentioned in the last monthly report, during the month of January, prices of the sukuk started improving. As on January 31, 2009, Sukuk portfolio comprises around 86% of the Fund size as against around 79% during the previous month. Currently our sukuk portfolio offers Yield to Maturity (return) of around 27% per annum. Mudaraba placements & others comprise around 14% of the Fund size as against around 15% during the previous month.</p>
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: Average 1-month deposit rate of Islamic Banks Fund Manager: Sajjad Anwar, CFA Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	



Currently the focus of our investment strategy is to maintain high allocation in sukuks in the Fund. This will benefit the Fund due to higher yield of sukuks and expected price appreciation of the sukuk in the coming months. 6 month KIBOR declined by 60 basis points to close the month at 15.10% as against 15.70% during the previous month. This should help price appreciation of the sukuks in due course of time.

Going forward, we expect that return on our Fund to remain healthy due to: (I) expected improvement in the prices of sukuk portfolio; (II) attractive Yield to Maturity of the sukuk portfolio; and (III) better return on the mudaraba placements.

Disclaimer: The price of units may go down as well as up. Please refer to the respective offering document(s).