

# NAFA Islamic Aggressive Income Fund (NIAIF)

MONTHLY REPORT (MUFAP's Recommended Format) Unit Price (31/01/2014): Rs. 9.2377

January 2014

Performance				
Performance %	January 2014 *	FYTD Jul 2013 - Jan 2014*	Trailing 12 Months Feb 13 -Jan 14 *	Since Launch October 29, 2007 **
NAFA Islamic Aggressive Income Fund	14.25%	8.66%	9.82%	5.51%
Benchmark	6.51%	6.48%	6.53%	6.74%

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

#### **General Information**

Launch Date: October 29, 2007 Fund Size: Rs. 188 million

Open-end - Shariah Compliant Aggressive Type:

Income Fund Dealing Days:

Daily – Monday to Friday (Mon - Thr) 9:00 A.M to 5:00 P.M Dealing Time: (Friday) 9:00 A.M to 5:30 P.M

Settlement: 2-3 business days

Pricing Mechanism

Forward Pricing
Front end: 1% (Nil on investment above

Rs. 16 million), Back end: 0%

Management Fee: Risk Profile: 1.0% per annum Low to Medium "BBB+ (f)" by PACRA Lahore Stock Exchange Fund Stability Rating:

Listing: Custodian & Trustee: MCB Financial Services Limited Auditors: KPMG Taseer Hadi & Co.

Chartered Accountants

Benchmark: Average 3-month deposit rate of Islamic Banks Fund Manager: Muhammad Imran, CFA, ACCA

Minimum Growth Unit: Rs. 10,000/-Subscription: Income Unit: Rs. 100,000/-

Asset Manager Rating: AM2 by PACRA (Very High Investment

Management Standards)

# Asset Allocation (% of Total Assets) 31-Jan-14 31-Dec-13

Sukuks GOP Ijara Sukuks - Govt. Backed	19.59% 9.50%	21.50% 10.59%
Cash Equivalents Other including receivables	64.50% 6.41%	61.53%
Total	100.00%	100.00%
Leverage	Nil	Nil

### Top 10 Sukuks (as at January 31st, 2014)

Name of Sukuk	% of Total Assets	
Engro Fertilizer Limited (Sukuk)	12.22%	
GOP Ijarah (Sukuk X)	4.75%	
Maple Leaf Cement (Sukuk I)	4.71%	
Kohat Cement Limited (Sukuk)	2.66%	
GOP Ijarah (Sukuk XI)	2.11%	
GOP Ijarah (Sukuk XIII)	1.59%	
GOP Ijarah (Sukuk VII)	1.05%	
Total	29.09%	

# **WORKERS' WELFARE FUND (WWF)**

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.1,502,716/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0738/0.88%. For details investors are advised to read note 7 of the Financial Statements of the Scheme for the quarter ended September 30, 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

# **Investment Objective**

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.

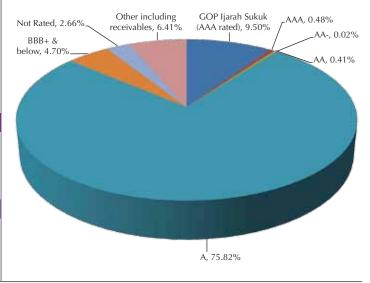
#### **Fund Manager Commentary**

During the month under review, the Fund posted an annualized return of 14.3% as compared to the benchmark return of 6.5%. Outperformance of the Fund during the month is due to 1) profit payment of non performing Household Goods sector and cement sub-sector sukuk 2) mark to market gain in a sukuk. During FYTD, the Fund has posted 8.7% annualized return versus 6.5% by the benchmark, hence an outperformance of 2.2% p.a. Furthermore, the Management Fee of the Fund has been reduced to 1% from 2% from January 16, 2014 onwards which will contribute to the performance of the Fund going forward.

The allocation in corporate Sukuks with current Weightage at 19.59% is diversified among Cement, Fertilizer and Household Goods sector. Around 9.50% of the portfolio is allocated to AAA rated GoP Ijara Sukuks which coupled with 64.5% allocation in bank deposits provides diversification and liquidity to the portfolio. Going forward, the Fund intends to maintain the present allocation.

The weighted average Yield-to-Maturity (YTM) of the sukuk portfolio is around 21.5% p.a. and weighted average time to maturity is 1.45 years. The weighted average time to maturity of the Fund is 0.43 years. Hence, for investors with medium to long term investment horizon, the Fund offers an attractive opportunity to earn decent returns. However, since Sukuks prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

#### Credit Quality of the Portfolio as of January 31st, 2014 (% of Total Assets)



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. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.