



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

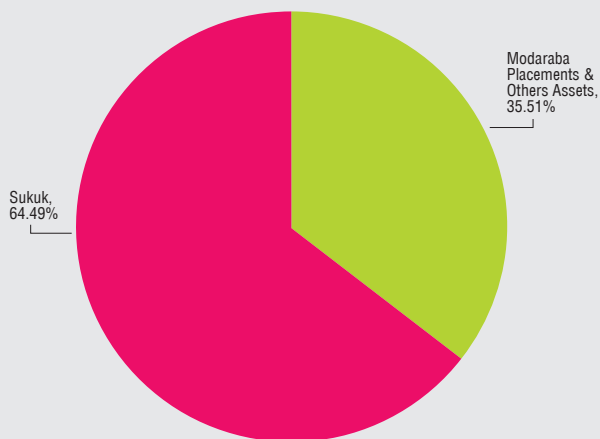
Unit Price (31/07/2009): Rs. 9.4378

July 2009

Investment Objective	Performance					
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.	Performance (%)*	Oct - Dec 2007	Jan - Dec 2008	Jan - Jun 2009	July 2009	Since Launch October 29, 2007
	NAFA Islamic Income Fund	7.67%	(7.88)%	17.14%	3.94%	0.71%
	Benchmark	5.31%	5.57%	7.51%	7.18%	6.16%
* Represents Annualized Return (Returns are net of management fee & all other expenses)						

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007 Fund Size: Rs. 473 million Type: Open-end – Shariah Compliant Income Fund Dealing: Daily - Monday to Friday Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum</p>	<p>During the month of July, 2009, NAFA Islamic Income Fund (NIIF) earned an annualized return of 3.94%. However, we expect this to improve considerably in the coming months, on the back of expected improvement in Sukuk prices. Going forward, we expect to beat the Fund's benchmark i.e. average one-month deposit rates of Islamic banks.</p>
<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: Rukhsana Narejo, CFA Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st July 2009)



Nonetheless, the Government's response to the persisting power crises, law and order situation and sound fiscal and monetary management remain the key issues. Recent economic parameters are showing much improvement and are in alignment with our view that FY10 will be a much better year than the previous fiscal years 2008 and 2009. Both, the current account deficit and fiscal deficit have shown much improved numbers lately, although these remain vulnerable to internal and external risks. Inflation numbers of June have also come in line with the previous falling trend observed in the last few months. The so far successful military operation in the northern areas of Pakistan is also a very comforting factor.

During the month of July we have reduced the Sukuk holdings to around 64.49% as against 85% in the previous month. This has improved the liquidity profile of your Fund, as the proceeds from sale of TFCs have been placed in cash.

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