



**National Fullerton
Asset Management Limited**

NAFA Islamic Income Fund (NIIF)

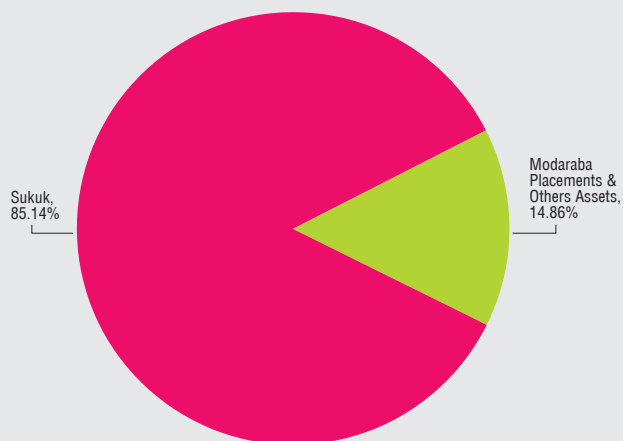
Unit Price (30/06/2009): Rs. 9.4069

June 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	Jul - Jun 2008-09	Jun 2009	Since Launch October 29, 2007
	NAFA Islamic Income Fund	7.67%	(7.88)%	(4.41)%	9.90%	0.54%
	Benchmark	5.31%	5.57%	6.66%	7.27%	6.11%
* 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. 517 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 June 2009, NAFA Islamic Income Fund (NIIF) earned an annualized return of 9.90% which is better than the benchmark return by 263 basis points.</p> <p>In the upcoming Monetary Policy Statement in July, we expect the discount rate to be cut down to 13% p.a. from the present 14% p.a. We expect this due to (i) declining inflation numbers i.e. Year on Year (YoY) Consumer Price Index (CPI) fell to 14.4% in May, 2009 from 17.2% in April, 2009; (ii) YoY Sensitive Price Indicator (SPI) fell to 11% in May, 2009 from 15% in April, 2009; (iii) negative private sector credit growth during FY 2008-09 and negative 8.2% growth in Large Scale Manufacturing; and iv) shortly expected realization of announced foreign financial inflows which is expected to increase the domestic market liquidity. Based on this scenario, we expect some recovery in the Sukuks prices going forward.</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 30th June 2009)



Other important factors to look for are the success of military operation in the northern areas of Pakistan, thereby bringing better law and order situation, continuation of political stability, stable foreign currency reserves and improving current account deficit. Fiscal discipline under the macro-economic stabilization package and IMF program will also bode well for the economic recovery of the country.

FY 2009 was not a good year for Sukuks and consequently the Fund. We expect FY 2010 to be a much better year for our investors in this Fund.

Six-month KIBOR closed the month of June at 12.76%, around hundred basis points less than the May closing. We expect KIBOR to gradually trend down further in the coming months.

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