

National Fullerton
Asset Management Limited

NAFA Income Fund (NIF)

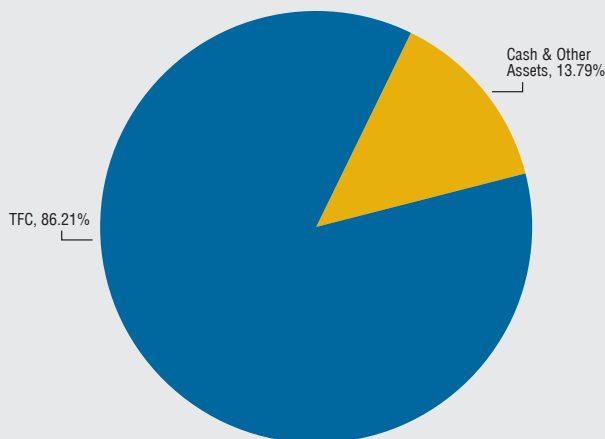
Unit Price (31/08/2009): Rs. 10.1490

August 2009

Investment Objective	Performance				
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	Performance (%)	Mar - Dec 2008*	Jan - Aug 2009*	Aug 2009*	Since Launch March 29, 2008**
	NAFA Income Fund	(2.04)%	15.22%	5.56%	8.18%
	Benchmark	12.53%	13.23%	12.83%	18.85%
* Represents Annualized Return ** Represents Cumulative Return (Returns are net of management fee & all other expenses)					

General Information	Fund Manager's Commentary
Launch Date: March 29, 2008 Fund Size: Rs. 805 million Type: Open-end – Fixed Income Fund Dealing: Daily - Monday to Friday Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum	During the month of August, NIF earned an annualized rate of return of 5.56%. This is because TFCs/ Sukuks traded at lower prices during the month on the back of tighter market liquidity. However, if we analyze the return of your Fund in the first eight months of the calendar year so far i.e. from Jan 2009 to Aug, 2009, your Fund has earned an annualized return of 15.22%. This is better than the benchmark return by 199 basis points.
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 3-Month T-Bills Fund Manager: Ahmad Nouman Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2009)



Three month T-Bills were trading at 12.28% at the end of August, as against 11.80% a month earlier. Similarly, 6-Months KIBOR closed the month of August at 12.56%, as against July closing of 11.99%. This depicts tighter money market liquidity situation. This resulted in slightly lower TFCs/ Sukuks prices in your Fund, during the month. However, we do not expect money market rates to move upwards significantly from here on. Hence, we expect better return on the Fund in the coming months.

Realization of promised foreign inflows during the next few months remains one of the key deciding factors for money markets liquidity. Government's prudence and discipline in financial and monetary management is also very important. During August, State Bank of Pakistan cut down the Policy rate by 1% to 13% p.a. In the last T-Bill auction conducted on August 26, 2009, the cut-off rate for 3-month T-bill, which is also the benchmark of your Fund, was 12.38% p.a. Inflation numbers of July came in line with the previous falling trend. YoY CPI (Consumer Price Index) number came at 11.2% in July, as against 13.1% in June. Similarly, YoY SPI (Sensitive Price Indicator) inflation in July was 9.4% as against 10.8% in previous months and YoY WPI (Wholesale Price Index) inflation was 0.5% in July as against 4.1% in June.

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

Note: The provisioning policy on Debt instruments as approved by the Board of Directors of NAFA has been posted on our website (www.nafafunds.com) for your information.