



# NAFA Income Fund (NIF)

NBP Fullerton  
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/08/2011): Rs. 9.2643

August 2011

## Performance

Performance %	August 2011*	Jan. - Aug. 2011 **	Trailing 12 Months *	Since Launch March 29, 2008*
NAFA Income Fund	7.06%	-7.35%	-5.01%	1.53%
Benchmark	13.37%	8.88%	13.40%	12.49%

\* Represent Annualized Return - (based on morning star formula)

\*\* Represent Cumulative Return

(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

## General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 440 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1.0%, Back end: 0%
Management Fee:	2.0% per annum
Risk Profile:	Low
Fund Stability Rating	"A- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	6-Month KIBOR
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

## Investment Objective

To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

## Fund Manager Commentary

The Fund generated an annualized return of 7.06% during August 2011. This lower return is owing to the provisioning in Agritech TFC. Now the TFC is marked at Rs 25 against Face Value of Rs 100. Second restructuring of this issue is in the advance stage and we expect the provisionings to reverse in the coming months.

The Fund has high allocation in TFCs of around 70.0% of its size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first eight months of CY 2011 average 6-Month KIBOR was around 13.7% as against 12.4% for the same period last year, which is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is around Rs.79 against the par value of Rs.100, which suggests improved returns going forward.

The weighted average Yield-to-Maturity of the Fund is around 20.86% p.a. while its weighted average time to maturity is 2.97 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

## Asset Allocation (% of NAV) 30-Aug-11 30-Jul-11

TFCs / Sukuks	70.40%	72.08%
T-Bills	25.10%	24.21%
Cash Equivalents	2.13%	1.07%
Other Net Assets	2.37%	2.64%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Saudi Pak Leasing***	TFC	52,310,700	17,772,717	34,537,983	7.86%	7.79%	27.65%
Agritech Limited II	TFC	149,880,000	112,410,000	37,470,000	8.52%	8.45%	31.29%
Eden Housing (Sukuk II)	Sukuk	69,375,000	21,184,211	48,190,789	10.96%	10.87%	43.07%
New Allied Electronics(Sukuk II)	Sukuk	49,054,371	49,054,371	-	0.00%	0.00%	NA
<b>Total</b>		<b>320,620,071</b>	<b>200,421,299</b>	<b>120,198,772</b>	<b>27.34%</b>	<b>27.11%</b>	

\*\*\*Book Value, performing but below investment grade

## Excess Exposure

Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	21.39%	10.00%	11.39%
Chemical Sector	Sector	29.91%	25.00%	4.91%

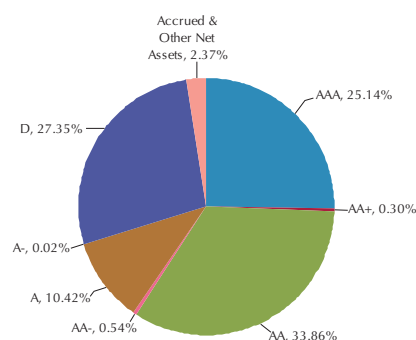
## Top TFC/SUKUK Holdings (as at August 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	21.39%
United Bank Limited IV	11.27%
Eden Housing (Sukuk II)	10.96%
World Call Telecom Limited	10.40%
Agritech Limited II	8.52%
Saudi Pak Leasing	7.86%
<b>Total</b>	<b>70.40%</b>

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Ahmad Nouman, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM

## Credit Quality of the Portfolio as of August 30, 2011 (% of NAV)



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