

# NAFA Income Fund (NIF)



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/08/2015): Rs. 9.8617

August 2015

## Performance %

Performance Period	Aug 2015	FYTD 2016	Rolling 12Months Sep 14-Aug 15	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	Since Launch March 28, 2008*
NAFA Income Fund	7.5%	7.9%	13.2%	13.7%	2.3%	6.9%	(6.9%)	(4.2%)	3.6%
Benchmark	7.1%	7.1%	8.5%	9.0%	9.8%	9.9%	12.4%	13.2%	11.2%

\* Annualized Return Based on Morning Star Methodology  
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	March 28, 2008
Fund Size:	Rs. 590 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee:	1.0% per annum
Risk Profile:	Low
Fund Stability Rating	"A- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	MCB Financial Services Limited
Auditors:	M. Yousuf Adil Saleem & Co. Chartered Accountants
Benchmark:	6-Month KIBOR
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2+ by PACRA (High Investment Management Standards)

## 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 posted an annualized return of 7.5% during August 2015 versus the Benchmark return of 7.1%. The annualized return during CY 15 is 11.2% against the Benchmark return of 7.7%, hence an outperformance of 3.5% p.a. This outperformance is net of management fee and all other expenses.

As the allocation of the Fund shows, exposure in TFCs and Sukuks stands at 20.8%. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average Yield-to-Maturity of the Fund is around 8.0% p.a. while its weighted average time to maturity is 0.6 years. This yield does not include potential recovery in fully provided TFCs (Face Value of around Rs. 310 million), which is potential upside for the Fund. Thus, the Fund is expected to perform well over the medium to long term horizon. However, since TFCs prices may go up or down, therefore, only investors with medium term investment horizon are advised to invest in this Fund.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

## Asset Allocation (% of Total Assets) 31-Aug-15 31-July-15

TFCs / Sukuks	20.8%	22.6%
T-Bills	6.8%	-
PIBs	8.9%	19.2%
MTS	14.4%	-
Bank Deposits	47.8%	56.3%
Others including receivables	1.3%	1.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Top TFC (as at Aug 31, 2015)

Name of TFC / Sukuk	% of Total Assets
K Electric Azm Sukuk	8.2%
Faysal Bank Limited	4.3%
Jahangir Siddiqui and Company Ltd. 08-APR-14	3.8%
Engro Fertilizer Limited (PPTFC)	2.5%
Bank Alfalah Limited (Floater)	1.7%
Jahangir Siddiqui and Company Ltd. 30-OCT-12	0.3%
<b>Total</b>	<b>20.8%</b>

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,095,302/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0685/0.79%. For details investors are advised to read note 5 of the Financial Statements of the Scheme for the period ended March 31, 2015. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

## Name of the Members of Investment Committee

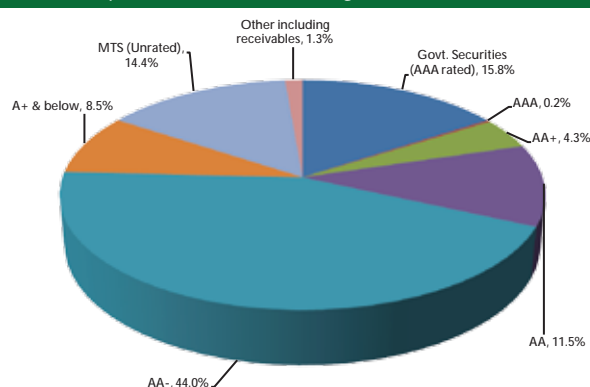
Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Syed Suleman Akhtar, CFA

Notes: 1) The calculation of performance does not include cost of front end load. The performance reported is based on dividend reinvestment (gross of with-holding tax where applicable)  
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

## 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
World Call Telecom Limited	TFC	27,519,590	27,519,590	-	n/a	n/a
Saudi Pak Leasing	TFC	41,321,115	41,321,115	-	n/a	n/a
Eden Housing (Sukuk II)	SUKUK	19,687,500	19,687,500	-	n/a	n/a
AgriTech Limited II	TFC	149,875,800	149,875,800	-	n/a	n/a
AgriTech Limited V	TFC	22,180,000	22,180,000	-	n/a	n/a
New Allied Electronics (Sukuk II)	SUKUK	49,054,371	49,054,371	-	n/a	n/a
<b>Total</b>		<b>309,638,376</b>	<b>309,638,376</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>

## Credit Quality of the Portfolio as of Aug 31, 2015 (% 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. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved. The scheme holds certain non-complaint investments. Before making any investment decision, investors should review the latest monthly Fund Manager Report and Financial Statements.