



National Fullerton
Asset Management Limited

NAFA Income Fund (NIF)

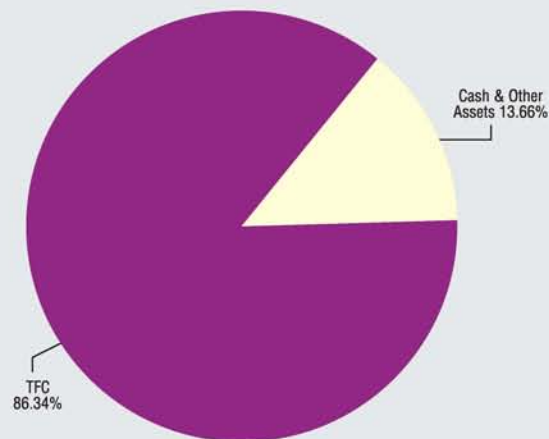
Unit Price (31/12/2009): Rs. 10.4828

December 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 - Dec 2009*	December 2009*	Since Launch March 29, 2008**
	NAFA Income Fund	(2.04)%	13.50%	16.24%	11.74%
	Benchmark	12.53%	13.18%	12.90%	23.83%
* 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. 665 million Type: Open-end – Income Fund Dealing: Daily – Monday to Friday Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum	The Fund earned an annualized return of 16.24% during the month as against 10.31% earned in November. During December, the money market remained tight, as traditionally. 6-Months KIBOR has remained within a band of 12.39% to 12.47% during the month and closed the month at 12.43%.
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 December 2009)



There has been a notable improvement in 1H-FY2010 macro-economic indicators of Pakistan, importantly current account deficit. Year on Year (YoY) Core Inflation numbers have continued the downward trend observed throughout CY 2009, with Trimmed and Non Food Non Energy (NFNE) YoY core inflation November numbers settling at 10.5% and 10.6% respectively. However, month-on-month CPI number was worrisome at 1.4%. One breather has been the recent release of IMF funds of USD 1.2 bln and the expected USD 1 bln from Japan under Friends of Pakistan pledges and USD 1.5 bln from USA. Pressure on fiscal deficit is likely to ease going forward as subsidies are eliminated gradually. Fiscal austerity and law and order situation will continue to set the pace of improvement in the general economic health.

The weighted average yield to maturity on the TFCs held in NAFA Income Fund (NIF) is around 15.5% p.a. In the coming months, with expected improvement in liquidity based on expected non-IMF inflows, we expect upside potential in TFCs prices. The AA rating category make up more than 58% of the NIF TFCs portfolio, while A rating category constitutes 20%. This signifies the sound credit quality of your Fund's TFC portfolio.

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