



National Fullerton  
Asset Management Limited

# NAFA Income Fund (NIF)

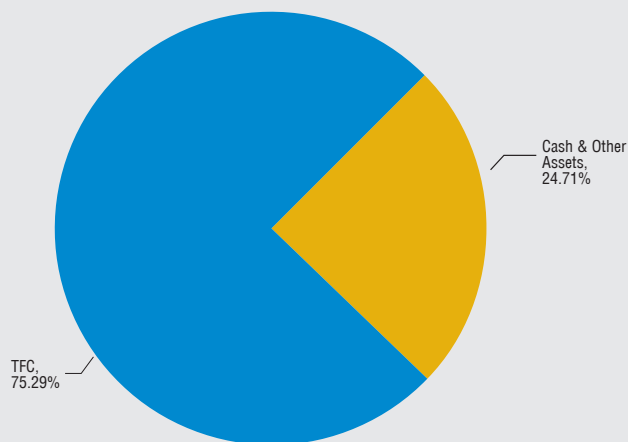
Unit Price (28/02/2009): Rs. 9.5178

February 2009

Investment Objective	Performance					
	Performance (%)	Apr - Jun 2008*	Jul - Dec 2008**	Jan 2008*	Feb 2009*	Since Launch March 29, 2008**
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	<b>NAFA Income Fund</b>	<b>8.50%</b>	<b>(3.59)%</b>	<b>14.42%</b>	<b>2.26%</b>	<b>(0.25)%</b>
	<b>Benchmark</b>	10.89%	6.54%	14.28%	13.64%	11.75%
	* 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. 1,068 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	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/-	<p>NAFA Income Fund (NIF) during the month has earned an annualized return of 2.26%. The return on NIF is lower this month as one Term Finance Certificate (TFC) in the portfolio was sold in the market at a distress price. Based on the new Circular issued by SECP on Jan 6, 2009, all mutual funds value their TFCs at a price at which they trade in the market. Since a particular TFC was traded at a distress price, it affected the performance of the Fund in February. Ninety-five percent of NIF TFC portfolio is rated A+ and above and we expect TFCs to trade at higher prices due to improving liquidity. Investors are expected to experience good performance in the coming months.</p> <p>Liquidity situation in the money market has improved significantly, which is evident from falling rates of Government Securities as well as KIBOR. Excess liquidity was obvious in last Treasury Bill auction, where total participation was Rs. 362 billion as against target of Rs.120 billion. Rates on 1-year Government bond has further decreased by 50 to 75 basis points after 100 basis points reduction in cut off rates in the last auction.</p> <p>The 6-Month KIBOR, after touching a high of 15.70% has been declining. Only in the last three days of February it declined by 100 basis points. Six Month KIBOR has closed at 13.01% in February, approximately 209 basis points down from its closing in January. Decline in KIBOR is a direct result of market liquidity and declining cut-offs of Government Securities.</p> <p>As of 28th February, 2009 NAFA Income Fund is approximately 75% in Term Finance Certificates, which is going to be a major contributor to the returns in the coming months because of the expected capital gains.</p>

Asset Allocation (on 28th February 2009)



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