



NAFA Income Fund (NIF)

NBP Fullerton
Asset Management Limited
(Formerly National Fullerton Asset Management Limited)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/06/2011): Rs. 9.7109

June 2011

Performance

Performance %	June 2011*	Jan. - Jun. 2011 *	FY 2010 - 11**	Since Launch March 29, 2008**
NAFA Income Fund	-7.48%	-2.88%	-4.24%	3.09%
Benchmark	1.07%	6.59%	13.18%	12.43%

* Represent Cumulative Return

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

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

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 461 million
Type:	Open-end – Income Fund
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's unit price declined by 7.48% during June 2011. This is owing to provisioning in Agritech TFC. Second restructuring of this issue is in the advanced stage and we expect the losses to reverse in the coming months.

The Fund's allocation to TFCs / Sukuks is around 74%. All TFCs in your Fund are floating rate instruments linked to KIBOR. During Jan-June 2011 average 6-Months KIBOR was around 13.73% as against 12.33% for the same period last year, and 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 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 23.27% p.a. while its weighted average time to maturity is 3.28 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio and their prices may go up and down based on market liquidity etc.; therefore, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 30-Jun-11 31-May-11

	30-Jun-11	31-May-11
TFCs / Sukuks	73.64%	75.98%
T-Bills	22.22%	20.60%
Cash Equivalents	1.59%	1.41%
Other Net Assets	2.55%	2.01%
Total	100.00%	100.00%
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
Agritech Limited II	TFC	149,880,000	83,932,800	65,947,200	14.31%	14.20%	43.83%
Saudi Pak Leasing	TFC	52,963,500	17,994,508	34,968,992	7.59%	7.53%	26.46%
Eden Housing Sukuk II	Sukuk	71,250,000	21,756,757	49,493,243	10.74%	10.66%	41.06%
New Allied Electronics Sukuk II	Sukuk	49,054,371	49,054,371	-	-	-	-
Total		323,147,871	172,738,436	150,409,435	32.64%	32.39%	

*** Book value, performing but below investment grade.

Excess / (Short) exposures

Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) Exposure
Pak American Fertilizer II	Per Party	14.31%	10.00%	4.31%
Engro Chemical (Perpetual)	Per Party	20.39%	10.00%	10.39%
Chemical Sector	Sector	34.70%	25.00%	9.70%
Cash and Cash Equivalent	Cash Balance	23.81%	25.00%	(1.19)%

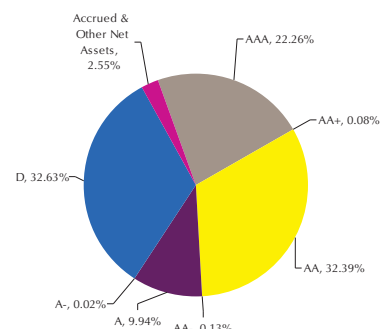
Top TFC/SUKUK Holdings (as at June 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	20.39%
Agritech Limited (PPTFC II)	14.31%
Eden Housing Limited (Sukuk)	10.74%
United Bank Limited IV	10.70%
World Call Telecom Limited	9.91%
Saudi Pak Leasing	7.59%
Total	73.64%

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 June 30, 2011 (% of NAV)



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