



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (28/11/2014): Rs. 9.8584

November 2014

Performance %

| Performance Period | November 2014 | FYTD 2015 | Rolling 12 Months | FY 2014 | FY 2013 | FY 2012 | FY 2011 | FY 2010 | Since Launch March 28, 2008* |
|--------------------|---------------|-----------|-------------------|---------|---------|---------|---------|---------|------------------------------|
| NAFA Income Fund | 14.6% | 13.4% | 4.7% | 2.3% | 6.9% | (6.9%) | (4.2%) | 8.7% | 2.6% |
| Benchmark | 9.9% | 10.1% | 10.1% | 9.8% | 9.9% | 12.4% | 13.2% | 12.1% | 11.5% |

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

[Net of management fee & all other expenses]

General Information

| | |
|-----------------------|--|
| Launch Date: | March 28, 2008 |
| Fund Size: | Rs. 530 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 (Very 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 14.6% during November 2014 versus the Benchmark return of 9.9%. Outperformance of the Fund during the month is due to mark to market gain in PIB holdings. The annualized return during FYTD is 13.4% against the Benchmark return of 10.1%, hence an outperformance of 3.3% 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 40.1%. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average Yield-to-Maturity of the Fund is around 11.3% p.a. while its weighted average time to maturity is 1.7 years. This yield does not include potential recovery in fully provided TFCs (Face Value of Rs. 312 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.

The highlight of the month was 50 basis points reduction in the Discount Rate by State Bank of Pakistan in its Monetary Policy announcement on November 15, 2014. Subsequent to reduction in policy rate yields in the market adjusted accordingly.

Asset Allocation (% of Total Assets) 28-Nov-14 31-Oct-14

| Asset Allocation (% of Total Assets) | 28-Nov-14 | 31-Oct-14 |
|--------------------------------------|-----------|-----------|
| TFCs / Sukuks | 40.14% | 40.73% |
| Commercial Paper | - | 7.51% |
| T-Bills | 18.30% | - |
| PIBs | 31.21% | 22.43% |
| Cash Equivalents | 6.74% | 26.57% |
| Others including receivables | 3.61% | 2.76% |
| 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 |
|-----------------------------------|--------------------|---------------------------------------|----------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| World Call Telecom Limited | TFC | 29,982,002 | 29,982,002 | - | n/a | n/a | n/a |
| Saudi Pak Leasing | TFC | 41,321,115 | 41,321,115 | - | n/a | n/a | n/a |
| Eden Housing (Sukuk II) | SUKUK | 19,687,500 | 19,687,500 | - | n/a | n/a | n/a |
| Agritech Limited II | TFC | 149,875,800 | 149,875,800 | - | n/a | n/a | n/a |
| Agritech Limited V | TFC | 22,180,000 | 22,180,000 | - | n/a | n/a | n/a |
| New Allied Electronics (Sukuk II) | SUKUK | 49,054,371 | 49,054,371 | - | n/a | n/a | n/a |
| Total | | 312,100,788 | 312,100,788 | - | 0.00% | 0.00% | |

TFC / Sukuk (as at November 28, 2014)

| Name of TFC / Sukuk | % of Total Assets |
|--|-------------------|
| K Electric Azm Sukuk | 9.34% |
| HASCOL Pvt Ltd TFC | 8.39% |
| Engro Fertilizers Limited 30-NOV-07 | 5.95% |
| Faysal Bank Limited | 4.78% |
| Jahangir Siddiqui and Company Ltd. 08-APR-14 | 4.42% |
| Engro Fertilizer Limited (PPTFC) | 2.66% |
| Bank Alfalah Limited (Floater) | 1.91% |
| Allied Bank Limited II | 1.82% |
| Jahangir Siddiqui and Company Ltd. 30-OCT-12 | 0.46% |
| Engro Fertilizers Limited 17-DEC-09 | 0.41% |
| Total | 40.14% |

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.3,128,303/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0582/0.62%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the quarter ended September 30, 2014.

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.
2) Taxes apply. Further, tax credit also available as per section 62 of Income Tax Ordinance.

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. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. 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.

Credit Quality of the Portfolio as of November 28, 2014 (% of Total Assets)

