NAFA Income Fund (NIF)

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2011): Rs. 9.4098

October 2011

Performance

Performance %	October 2011*	Jul. - Oct. 2011 **	Jan. - Oct. 2011 **	Trailing 12 Months *	Since Launch March 29, 2008*
NAFA Income Fund	5.73%	-3.10%	-5.90%	-2.86%	1.90%
Benchmark	12.23%	4.26%	11.13%	13.43%	12.50%

Represent Annualized Return - (based on morning star formula)
**Represent Cumulative Return*
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 438 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: 1.0%, 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	Growth Unit: Rs. 10,000/-
Subscription:	Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

Asset Allocation (% of NAV)

Asset Allocation (% of NAV)	31-Oct-11	30-Sep-11
TFCs / Sukuks	70.97%	67.41%
T-Bills	25.58%	27.01%
Cash Equivalents	2.24%	4.25%
Other Net Assets	1.21%	1.33%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top TFC/SUKUK Holdings (as at October 31, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	22.13%
Eden Housing (Sukuk II)	10.99%
World Call Telecom Limited	9.92%
Agritech Limited II	8.55%
Saudi Pak Leasing	7.76%
Faysal Bank Limited	5.90%
United Bank Limited IV	3.41%
Bank Alfalah Limited (Floater)	2.31%
Total	70.97%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Ahmad Nouman, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM

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 annualized return for the month of October 2011 was 5.73%. This is low owing to delay in payment by two TFCs. During next year some reversal of provisioning is expected in Agritech TFC, which is currently booked at 25% of the par value, and has been restructured now.

The Fund has high allocation in TFCs of around 71% of its size. All TFCs in your Fund are floating rate instruments linked to KIBOR. The Benchmark (6-Month KIBOR) reduced to 11.91% from 13.25% in September-end. Further, the weighted average price of the TFC portfolio is around Rs.80 against the par value of Rs.100.

The weighted average Yield-to-Maturity of the Fund is around 17.78% p.a. while its weighted average time to maturity is 2.64 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio whose prices may go up and down, therefore, only long-term investors are advised to invest in this Fund.
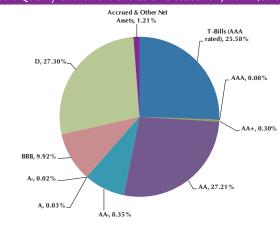
Details of Non-Compliant Investments

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	149,875,800	112,406,850	37,468,950	8.55%	8.48%	17.18%
Eden Housing (Sukuk II)	SUKUK	69,375,000	21,184,211	48,190,789	10.99%	10.91%	38.90%
Saudi Pak Leasing	TFC	51,529,950	17,507,455	34,022,495	7.76%	7.70%	27.35%
New Allied Electronics (Sukuk II)	SUKUK	49,054,371	49,054,371	-	0.00%	0.00%	N/A
Total		319,835,121	200,152,887	119,682,234	27.30%	27.10%	

Excess Exposure

Particulars	Exposure Type	% of Net Assets	Limit	Excess Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	22.13%	10.00%	12.13%
Eden Housing (Sukuk II)	Per Party	10.99%	10.00%	0.99%
Chemical Sector	Sector	30.67%	25.00%	5.67%

Credit Quality of the Portfolio as of October 31, 2011 (% of NAV)

Accrued & Other Net Assets, 1.21%
T-Bills (AAA rated), 25.58%
AAA, 0.08%
AA+, 0.30%
AA, 27.21%
AA-, 8.35%
A, 0.03%
A-, 0.02%
BBB, 9.92%
D, 27.30%