

# NAFA Income Fund (NIF)



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (29/09/2017): Rs. 9.8859

September 2017

## Performance %

Performance Period	Sep 2017	FYTD 2018	Trailing 12 months Oct 16 - Sep 17	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	Since Launch March 28, 2008*
NAFA Income Fund	5.9%	5.4%	5.9%	6.5%	6.9%	13.7%	2.3%	6.9%	4.2%
Benchmark	6.2%	6.2%	6.1%	6.1%	6.5%	9.0%	9.8%	9.9%	10.1%

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

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

Launch Date:	March 28, 2008
Fund Size:	Rs. 918 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 Load (Individual): 1% (Nil on investment above Rs. 26 million) Front End Load (Other): 1% (Nil on investment above Rs. 16 million) Back End Load: NIL
Management Fee:	10% of Net Income (Min 0.5% p.a., Max 1.0% p.a.)
Total Expense Ratio:	1.49% p.a.(including 0.28% government levies)
Risk Profile:	Low
Fund Stability Rating	"A (f)" by PACRA
Listing:	Pakistan Stock Exchange
Custodian & Trustee:	MCB Financial Services Limited
Auditors:	Deloitte Yousuf Adil 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:	AM1 by PACRA (Very High Quality)

\*\* effective from January 02, 2017

## Asset Allocation (% of Total Assets) 29-Sep-17 31-Aug-17

TFCs / Sukuks	13.6%	13.6%
T-Bills	3.2%	3.2%
MTS	11.4%	7.2%
Placement with Banks	19.4%	9.7%
Bank Deposits	51.3%	65.4%
Others including receivables	1.1%	0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>
Leverage	Nil	Nil

## Top TFC (as at September 29, 2017)

Name of TFC / Sukuk	% of Total Assets
Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21	4.4%
Askari Commercial Bank Limited 30-SEP-14 30-SEP-24	4.0%
Jahangir Siddiqui and Company Ltd. 18-Jul-17 18-Jul-22	2.5%
Jahangir Siddiqui and Company Ltd. 08-APR-14 08-APR-19	1.6%
Faysal Bank Limited III 27-DEC-10 27-DEC-17	0.7%
Bank Alfalah Limited IV - FT 02-DEC-09 02-DEC-17	0.4%
<b>Total</b>	<b>13.6%</b>

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 2,071,842/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0223/0.24%. For details investors are advised to read note 15 of the financial statements of the Scheme for the year ended June 30, 2017.

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Muhammad Ali Bhabha, CFA, FRM  
Hassan Raza, 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 the Income Tax Ordinance, 2001.

## 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 5.9% during September 2017 versus the Benchmark return of 6.2%. The reported return is net of management fee and all other expenses.

As the allocation of the Fund shows, exposure in TFCs and Sukuks stands at 13.8% of net assets. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average time to maturity of the Fund is 0.5 year. This yield does not include potential recovery in fully provided TFCs (Face Value of around Rs. 309 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.

We will rebalance the allocation of the Fund proactively based on the capital market outlook.

## 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
AgriTech Limited II	TFC	149,875,800	149,875,800	-	-	-
AgriTech Limited V	TFC	22,180,000	22,180,000	-	-	-
Eden House Limited	SUKUK	19,687,500	19,687,500	-	-	-
New Allied Electronics Limited	SUKUK	49,054,371	49,054,371	-	-	-
Saudi Pak Leasing Company Ltd	TFC	41,321,115	41,321,115	-	-	-
Worldcall Telecom Limited	TFC	26,881,190	26,881,190	-	-	-
<b>Total</b>		<b>308,999,976</b>	<b>308,999,976</b>	-	-	-

## Credit Quality of the Portfolio as of September 29, 2017 (% of Total Assets)

Govt. Securities (AAA rated)	3.2%
AAA	10.0%
AA+	21.4%
AA	0.4%
AA-	40.8%
A+	11.7%
MTS (Unrated)	11.4%
Others including receivables	1.1%
<b>Total</b>	<b>100.0%</b>

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