



Performance

Performance %	December 2012 *	FYTD Jul 12 - Dec 12 *	Trailing 12 Months Jan 12 - Dec 12 *	Since Launch October 28, 2011 **
NAFA Financial Sector Income Fund	8.78%	9.64%	11.19%	11.46%
Benchmark	8.34%	9.21%	10.08%	10.18%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date:	October 28, 2011
Fund Size:	Rs. 3,741 Million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 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% (Nil on investment above Rs. 5 million), Back end: 0% 1.5% per annum
Management Fee:	1.5% 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:	70% 6-Month KIBOR & 30% average 3-Month deposit rates (A & above rated banks)
Fund Manager:	Salman Ahmed
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2 by PACRA

Investment Objective

To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuks, Bank deposits and short-term money market instruments.

Fund Manager Commentary

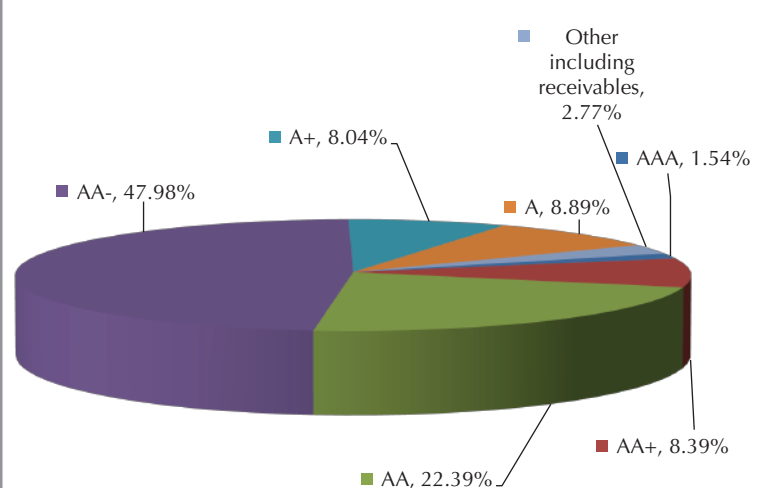
The Fund generated an annualized return of 8.78% for the month of December 2012 versus the benchmark return of 8.34%, thus an out-performance of 0.44% p.a. Since its launch the Fund offered an annualized return of 11.46% against the benchmark return of 10.18%, hence out-performance of 1.28% p.a. This out-performance is net of management fee and all other expenses.

The Fund is unique as it invests a minimum of 70% of its assets in financial sector debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities (mainly banks) is AA minus. This minimizes credit risk and at the same time enhances liquidity of the Fund. Duration of the Fund cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its assets in less than 90 days T-Bills or saving accounts with banks, which further enhances liquidity profile of the Fund.

Exposure in TFCs was 51.70% at the end of the month with average time to maturity of 4.22 years and Yield to Maturity of 10.63%. Exposure in COI and TDR was around 11.27% and 2.65% respectively. The TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. Therefore, in case of increase in interest rates, the coupon income of the Fund will improve.

The weighted average time-to-maturity of the Fund is 2.23 years. We will rebalance the allocation of the portfolio proactively based on the capital market outlook.

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

Asset Allocation (% of Total Assets)	31-Dec-12	30-Nov-12
T-Bills	-	22.50%
TFCs	51.70%	52.49%
Money Market Placements	4.99%	3.72%
Placement with DFIs	11.27%	10.10%
Placement with Banks	2.65%	-
Cash Equivalents	26.62%	8.00%
Other including receivables	2.77%	3.19%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC (Including Short Term Sukuk) (as at December 31, 2012)

Name of TFC / Money Market Placement	% of Total Assets
United Bank Limited IV	11.92%
Bank Alfalah Limited IV - FT	9.73%
Faysal Bank Limited III	8.01%
NIB Bank Limited	7.25%
HUBCO Short Term Islamic Sukuk	3.66%
Askari Bank Limited III	3.60%
Jahangir Siddiqui & Company Limited V	1.80%
Bank Alfalah Limited IV - FX	1.66%
Allied Bank Limited II	1.60%
Standard Chartered Bank (Pakistan) Limited IV	1.34%
Total	50.57%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 5,921,517/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0164/0.18%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Salman Ahmed

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 dependant 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.