



# NAFA Government Securities Liquid Fund (NGSLF)

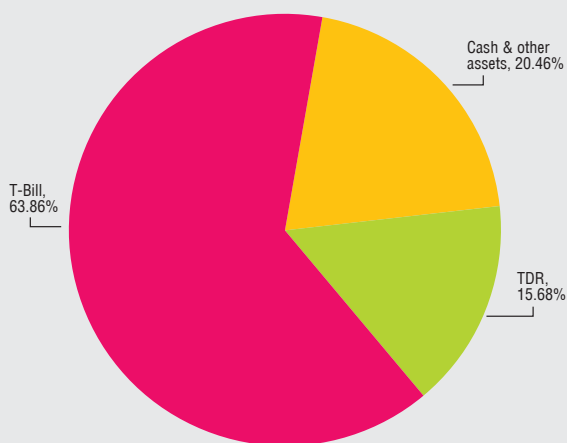
NAV Unit Price (31/05/2009): Rs. 10.0521

May 2009

Investment Objective	Performance	
To generate optimal return with minimum risk, to provide easy liquidity and reasonable income to its unit holders by investing primarily in short-term Government Securities	<b>Performance (%)*</b>	<b>Since Launch</b> May 16, 2009
	<b>NAFA Government Securities Liquid Fund</b>	<b>12.59%</b>
	<b>Benchmark</b>	10.53
	* Represents Annualized Return (Returns are net of management fee & all other expenses)	

General Information		Fund Manager's Commentary
Launch Date:	May 16, 2009	This is the first monthly report of NAFA Government Securities Liquid Fund (NGSLF). IPO (Initial Public Offering) of the Fund was held during May 11 – May 15, 2009. The Fund Size at the launch of the Fund was a little more than Rs. 800 million which closed at Rs. 1,148 million at the month-end. This shows the market's appetite for very low risk investment products.
Fund Size:	Rs. 1,148 million	
Type:	Open-end – Money Market Fund	
Dealing:	Daily - Monday to Friday	
Settlement:	2-3 business days	
Load:	No entry or exit load	NGSLF's mandate is to remain invested in short-term Government Securities. At least 70% of its net assets will be invested in T-Bills. The remaining allocation will be in banks/ DFIs rated 'AA' and above. Please note that Government Securities like T-Bills bear only sovereign credit risk. Hence, NGSLF can be safely stated to have the lowest credit risk in the industry.
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	50% 3-Month T-Bills & 50% average 3-month deposit rate (AA & above rated banks)	The Market expects the interest rate to fall in the coming months due to the following reasons, (i) Year on Year (YoY) CPI (Consumer Price Index) that decreased to 17.2% in April versus 19.1% in March; (ii) YoY Wholesale Price Index (WPI) decreased to 8.3% in April, as against 11.1% in March; (iii) improving current account deficit due to expected foreign financial inflows; (iv) slowdown in private sector credit during the eleven months of current fiscal year; (v) low economic growth; and (vi) restrained Government borrowing from the State Bank of Pakistan (SBP) as per macroeconomic stabilization package under Stand-By Agreement with IMF.
Fund Manager:	Rukhsana Narejo, CFA	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (on 31st May 2009)



T-Bills, which will be the major asset class of NGSLF, are very liquid instruments, thereby mitigating any liquidity risk. The quality of liquidity of the Fund will further improve due to (i) maximum maturity of six months for any instrument in the Fund; (ii) policy and regulatory maximum weighted average maturity of 90 days. Moreover, NGSLF, being a Money Market Fund, cannot invest in TFCs (corporate bonds), CFS and RFS (stocks related spread transactions) thereby eliminating the risks associated with these investment avenues.

**Disclaimer:** The price of units may go down as well as up. Please refer to the respective offering document(s).