



NAFA Islamic Income Fund (NIIF)

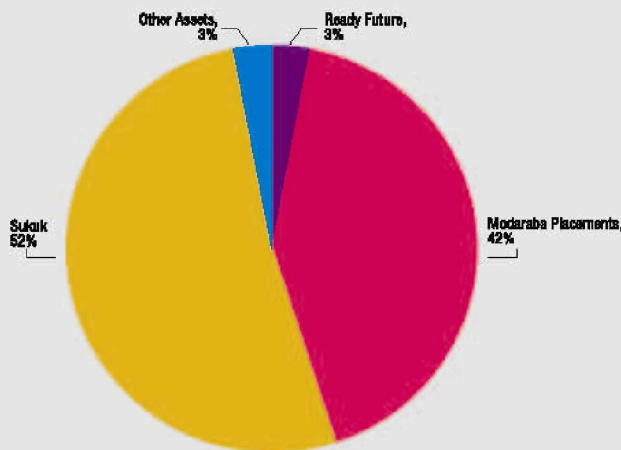
National Fullerton
Asset Management Limited

Unit Price (30/04/2008): Rs. 10.2034

Investment Objective	Performance				
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah-compliant money market & debt securities having good credit rating and liquidity.	Annualized Performance (%)*	Nov - Apr (07 - 08)	Feb - Apr 2008	April 2008	Since Launch October 29, 2007
	NAFA Islamic Income Fund:	8.04%	8.53%	8.85%	8.13%
	Benchmark: (Average 1-month deposit rate of Islamic banks)	5.34%	5.38%	5.32%	5.31%
	Profit on Rs. 100,000 invested	Rs. 3,987	Rs. 2,080	Rs. 727	Rs. 4,121
*Returns are net of management fee & all other expenses					

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007</p> <p>Fund Size: Rs. 1.13 billion</p> <p>Type: Open-end – Fixed Income Fund</p> <p>Dealing: Daily</p> <p>Settlement: 2-3 business days</p> <p>Load: Front end - 1.0%</p> <p>Management Fee: 1.5% per annum</p>	<p>During the month of April, NAFA Islamic Income Fund (NIIF) offered an annualized return of 8.85% as against 8.11% during the month of March, resulting in an improvement of 0.74%. The annualized rate of return of 8.85% generated by NIIF during the month of April is 3.53% higher than the average annualized return of 5.32% offered by Islamic banks. During the month, the Fund size increased by around 5.6% to close at Rs. 1.13 billion as compared to Rs. 1.07 billion the previous month.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian & Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p> <p>Benchmark: Average 1-month deposit rate of Islamic banks</p> <p>Fund Manager(s): Sajjad Anwar, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	
	<p>During the month we have been able to invest in some high yielding and good credit quality sukuk. The attached chart shows the asset allocation. As at April 30, 2008 sukuk account for 52% of the Fund size as against 44% in the previous month. Allocation in modaraba placements decreased to 42% of the Fund size as compared to 52% last month, and spread transactions accounted for 3% of the Fund size.</p>

Asset Allocation (as on 30th April, 2008)



The month of April saw a good number of sukuk offered by both Public and Private sectors, which helped improve the depth of Shariah-compliant sukuk market. Money supply remained tight during the outgoing month as evidenced by upward trend in Repo rates. Inflation measured by CPI is showing high growth and was recorded at 14.1% during the month of March 2008. To contain inflation, we expect T-bill rates to increase further from the current level due to a hike in the discount rate while movement in KIBOR will be in tandem with the monetary growth rate.

Going forward, we expect further improvement in the Fund performance as we continue to avail good investment opportunities in the sukuk and spread transactions.

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