



National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

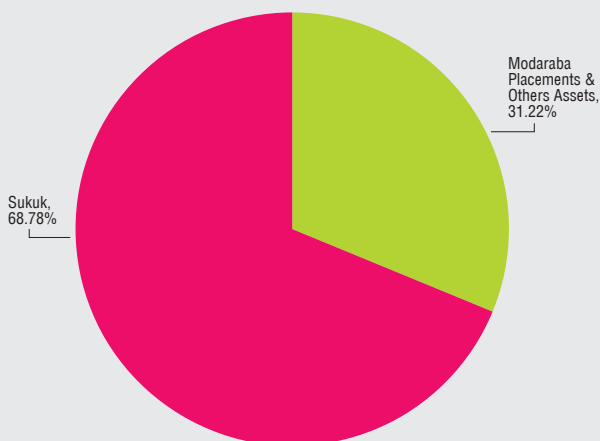
Unit Price (31/08/2009): Rs. 9.4829

August 2009

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.	<b>Performance (%)*</b>	<b>Oct - Dec 2007</b>	<b>Jan - Dec 2008</b>	<b>Jan - Aug 2009</b>	<b>Aug 2009</b>	<b>Since Launch October 29, 2007</b>
	<b>NAFA Islamic Income Fund</b>	<b>7.67%</b>	<b>(7.88)%</b>	<b>13.87%</b>	<b>5.77%</b>	<b>0.93%</b>
	<b>Benchmark</b>	<b>5.31%</b>	<b>5.57%</b>	<b>7.42%</b>	<b>7.18%</b>	<b>6.21%</b>
* Represents Annualized Return (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. 442 million</p> <p>Type: Open-end – Shariah Compliant Income Fund</p> <p>Dealing: Daily - Monday to Friday</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 August, 2009, NAFA Islamic Income Fund (NIIF) earned an annualized return of 5.77%. This is mainly due to the trading of Sukuks at lower prices on back of tight liquidity conditions in the market. However, the return of your Fund during the first eight months of the calendar year i.e. Jan, 2009 to Aug, 2009 has been a healthy 13.87%, around 6.45% better than the benchmark return.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian &amp; Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson &amp; Co. Chartered Accountants</p> <p>Benchmark: Average 1-month deposit rate of Islamic Banks</p> <p>Fund Manager: Rukhsana Narejo, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st August 2009)



The so far successful military operation in the Northern Areas and associated better law and order situation bode well for foreign investment coming into Pakistan in the long-run. Some positive signs have already started to emerge as evident in improving Foreign Equity Portfolio Investment. Further, Government's fiscal discipline under the IMF program is also a plus from sustainable economic recovery view point. These factors combined with realization of expected foreign financial inflows can improve the domestic capital markets and liquidity. This can likely translate into improved prices of Sukuks in your Fund.

Declining inflation enhance the attractiveness of debt instruments such as Sukuks. The headline inflation number i.e. Year on Year (YoY) CPI came down to 11.2% in July as compared to 13.1% in the month of June. Importantly, YoY Core Inflation (trimmed) has also declined to 13.9% in July as compared to 15.5% in June 2009.

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

**Note:** The provisioning policy on Debt instruments as approved by the Board of Directors of NAFA has been posted on our website ([www.nafafunds.com](http://www.nafafunds.com)) for your information.