



National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

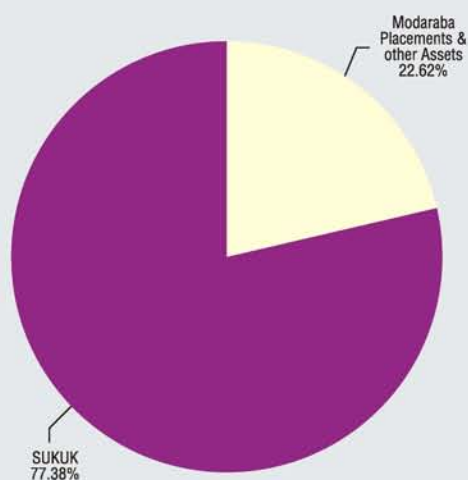
Unit Price (31/12/2009): Rs. 7.0523

December 2009

Investment Objective	Performance					
	Performance (%)*	Oct - Dec 2007	Jan - Dec 2008	Jan - Dec 2009	December 2009	Since Launch October 29, 2007
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>NAFA Islamic Income Fund</b>	1.30%	(7.90)%	(18.91)%	(1.26)%	(24.35)%
	<b>Benchmark</b>	0.91%	5.59%	7.19%	0.54%	14.21%
	* Represents Cumulative Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	The Fund's unit price declined by 1.26% during the month. The return is low due to relatively constrained liquidity at the year-end of December and dismal performance of the cement sector due to the break down of cement cartel and consequent decline in cement prices. However, these cement sector Sukuks are in the process of restructuring expected to complete in next one to two months. Traditionally also, December has been a month of tight liquidity in domestic money market. 6-Months KIBOR has remained within a band of 12.39% to 12.47% during the month and closed the month at 12.43%
Fund Size:	Rs. 233 million	
Type:	Open-end – Shariah Compliant Income Fund	There has been a notable improvement in 1H-FY2010 macro-economic indicators of Pakistan, importantly the current account deficit. Year on Year (YoY) Core Inflation numbers have continued the downward trend observed throughout CY 2009, with Trimmed and Non-Food Non-Energy (NFNE) YoY core inflation, November numbers settling at 10.5% and 10.6% respectively. However, month on month CPI number was worrisome at 1.4%. One breather has been the recent release of IMF funds of USD 1.2 bln and the expected USD 1 bln from Japan under Friends of Pakistan pledges and USD 1.5 bln from USA. Pressure on fiscal deficit is likely to ease going forward as subsidies are eliminated gradually. Fiscal austerity and law and order situation will continue to set the pace of improvement in the general economic health.
Dealing:	Daily – Monday to Friday	
Settlement:	2-3 business days	We have improved the liquidity profile of the Fund considerably in the last few months as cash is around 22.6% of the whole portfolio. With expected improvement in liquidity and likely conclusion of restructuring developments in cement sector Sukuks, we expect gradual recovery of NAFA Islamic Income Fund's unit price.
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	Average 1-month deposit rate of Islamic banks	
Fund Manager:	Irfan Malik, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st December 2009)



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