



National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

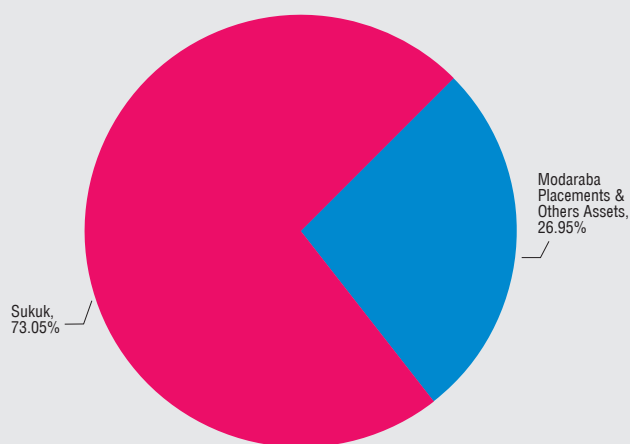
Unit Price (28/02/2009): Rs. 9.0696

February 2009

Investment Objective	Performance					
	Performance (%)	Jan - Jun 2008*	Jul - Dec 2008**	Jan 2008*	Feb 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>	<b>8.62%</b>	<b>(11.62)%</b>	<b>38.77%</b>	<b>20.20%</b>	<b>(2.03)%</b>
	<b>Benchmark</b>	5.31%	2.90%	7.74%	7.74%	5.79%
	* Represents Annualized Return ** Represents cumulative Return (Returns are net of management fee & all other expenses)					

General Information	Fund Manager's Commentary
Launch Date: October 29, 2007 Fund Size: Rs. 613 million Type: Open-end – Fixed Income Fund Dealing: Daily - Monday to Friday Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum	<p>NAFA Islamic Income Fund (NIIF) generated an annualized return of 20.20% during the month of February 2009. During the month under review, average annualized rate of return offered by the Islamic banks was calculated at 7.74%.</p> <p>With the improvement in liquidity conditions, we have witnessed improvement in trading activity in the sukuk market during the month of February 2009. Moreover, sukuks have also recovered some of their lost value. As on February 28, 2009, sukuk portfolio comprises around 73% of the Fund size as against around 86% during the previous month. Weighted average coupon rate on our sukuk portfolio is around 17% per annum and Yield to Maturity (return) is calculated at around 27% per annum. The decrease in the allocation in sukuk during the month is due to increase in the Fund size. Mudaraba placements &amp; others comprise around 27% of the Fund size as against around 14% during the previous month.</p>
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: Sajjad Anwar, CFA Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (on 28th February 2009)



During the month of February, the interest rate continued to decline due to further improvement in the liquidity conditions in the market. For instance, 6-month KIBOR decreased by 2.09% during the month and closed the month at 13.01%. Furthermore, we have also seen sharp decline in PKRV rates and Treasury bill rates in recent auctions. We expect this declining trend in interest rate to continue due to easing off inflationary pressure in the coming months.

In the coming months, we expect the return on our Fund to remain healthy due to: (i) further improvement in the prices of sukuk portfolio; (ii) attractive coupon rate offered by the sukuks; and (iii) attractive profit rates on our mudaraba placements.

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