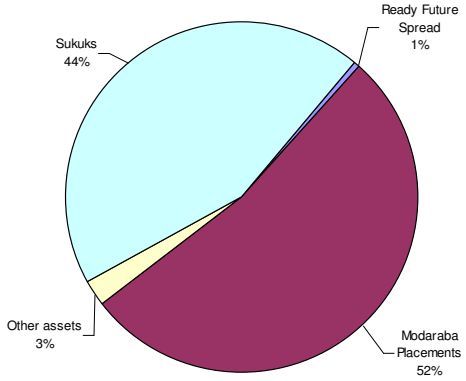


Investment Objective	Performance				
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	Annualized Performance (%)	January-March	February	March	Since Launch October 29, 2007
	NAFA Islamic Income Fund:	7.97%	8.05%	7.82%	7.82%
	Benchmark: (Average 1-month deposit rate of Islamic banks)	5.21%	5.19%	5.21%	5.23%
	Profit on Rs. 100,000 invested	Rs. 1,988	Rs. 639	Rs. 664	Rs. 3,319
<i>* Returns are net of management fee & all other expenses</i>					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	NAFA Islamic Income Fund (NIIF) delivered an annualized return of 7.82% during the month of March, which is 2.61% higher than average annualized return of 5.21% offered by Islamic banks. The Fund size as of February 29, 2008 was Rs. 1.1 billion.
Fund Size:	Rs. 1.07 billion	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	<p>In line with the objective of the Fund to offer reasonable rate of return and preservation of capital, portfolio composition during the month remained diversified. Due to delay in the disbursement of some high yielding and good credit quality sukuks that we have subscribed in the primary market, our allocation remained unchanged in terms of value. The attached chart shows the asset allocation. As at March 31, 2008 sukuks, mudaraba placements and spread transactions accounts for 44%, 52% and 1% of the Fund size, respectively. Our allocation in the short term mudaraba placements remained high to meet disbursements in upcoming sukuks. Sukuks offer a higher yield relative to mudaraba placements.</p> <p>During the month of February, we have seen upward trend in the KIBOR due to the increase in T-Bill cut off rate in the recent auction. This will help improve the return on our investment in the sukuks and mudaraba placements because of their profitability linked to KIBOR. We are expecting further improvement in the Profit rates on the mudaraba placements due to liquidity shortfall in the inter bank market, as evidenced by the higher overnight lending rate.</p> <p>We expect the Fund's performance to improve over time as we increase allocation to good credit quality and high yielding sukuks.</p>
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(s)	Sajjad Anwar, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	
Asset Allocation (as on 31st March 2008)		
		
Disclaimer: The price of units may go down as well as up. Please refer to respective offering document(s).		

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