



National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

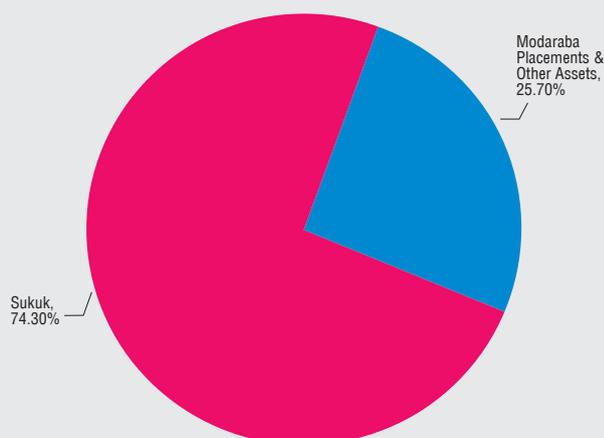
Unit Price (31/03/2009): Rs. 9.1886

March 2009

Investment Objective	Performance					
	Performance (%)	Jan - Jun 2008*	Jul - Dec 2008**	Jan - Mar 2009*	Mar 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>24.98%</b>	<b>16.59%</b>	<b>(1.00)%</b>
	<b>Benchmark</b>	5.31%	2.90%	7.75%	7.76%	5.91%
	* 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	NAFA Islamic Income Fund (NIIF) generated an annualized return of 16.59% during the month of March 2009. Annualized return of 16.59% offered by NIIF is 8.83% better than average annualized rate of return of 7.76% offered by the Islamic banks during March 2009. Moreover, your Fund has generated around 4.04% higher return than the average 6-month KIBOR of 12.55% for the month of March 2009.
Fund Size:	Rs. 606 million	
Type:	Open-end – Fixed Income Fund	The attached chart shows the asset allocation of the Fund. As on March 31, 2009, sukuk portfolio comprises around 74.3% of the Fund size. Weighted average coupon rate on our sukuk portfolio is around 16.04% per annum. Mudaraba placements & others comprise around 25.7% of the Fund size. We are maintaining our overweight in sukuks to benefit from the attractive coupon rate and further upside potential in their prices.
Dealing:	Daily - Monday to Friday	
Settlement:	2-3 business days	We have witnessed improvement in the trading activity in sukuks during the month of March 2009 as a result of improvement of liquidity conditions in the market and decrease in the interest rates. For instance, 6-month KIBOR decreased by 16 basis points during the month of March 2009 and closed the month at 12.85% as against 13.01% during the previous month. Furthermore, we have also seen a sharp decline in PKRV rates. We expect this declining trend in interest rates to continue due to the easing of inflationary pressure in the coming months. As mentioned in our last monthly report, sukuk prices are also gradually recovering to their par values.
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	Going forward, we expect the return on our Fund to remain healthy due to: (i) further improvement in the prices of sukuk portfolio; (ii) attractive coupon rates offered by the sukuks; and (iii) attractive profit rates on our mudaraba placements.
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 31st March 2009)



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