



National Fullerton  
Asset Management Limited

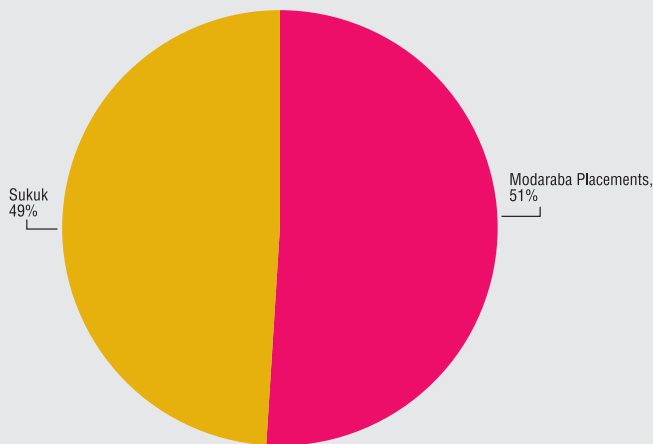
# NAFA Islamic Income Fund (NIIF)

Unit Price (31/05/2008): Rs. 10.2774

| 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>Annualized Performance (%)*</b>                                   | <b>Nov - Apr (07 - 08)</b> | <b>Feb - Apr 2008</b> | <b>May 2008</b> | <b>Since Launch October 29, 2007</b> |
|   | <b>NAFA Islamic Income Fund:</b>                                     | <b>7.99%</b>               | <b>8.43%</b>          | <b>8.88%</b>    | <b>8.24%</b>                         |
|   | <b>Benchmark:</b><br>(Average 1-month deposit rate of Islamic banks) | 5.31%                      | 5.32%                 | 5.27%           | 5.31%                                |
|   | <b>Profit on Rs. 100,000 invested</b>                                | Rs. 3,909                  | Rs. 2,017             | Rs. 725         | Rs. 4,797                            |
| *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) offered an annualized return of 8.88% during the month of May 2008 as against 8.85% during the previous month. During the month of May 2008, the annualized rate of return of 8.88% generated by NIIF is 3.61% higher than average annualized return of 5.27% offered by Islamic banks.  |
| Fund Size:            | Rs. 1.117 billion                                       |  |
| Type:                 | Open-end – Fixed Income Fund                            | During the outgoing month, the money market has witnessed an unprecedented liquidity crunch post SBP monetary tightening measures to curb inflation. Among others, the Discount Rate increased by 150 bp to 12.00% from 10.5%. As a result 6 month-KIBOR touched a mammoth level of 13.93% as against 11.40% the previous month. Shariah compliant bond market also felt the impact of the tight monetary conditions prevailing during the month as indicated by the lower bid price of these instruments in the secondary market. |
| Dealing:              | Daily   |  |
| Settlement:           | 2-3 business days                                       |  |
| Load:                 | Front end: 1.0%   |  |
| Listing:              | Lahore Stock Exchange                                   | Asset allocation of NIIF is shown in the attached chart. Major allocation has been in sukuks and mudaraba placements. As of May 31, 2008, sukuks accounted for 49% of the Fund size as against 52% the previous month, allocation in mudaraba placements increased to 51% of the Fund size compared to 42% last month while investment in spread transactions remained nil to increase liquidity of the portfolio.   |
| Custodian & Trustee:  | Central Depository Company (CDC)                        |  |
| Auditors:             | A. F. Ferguson & Co.<br>Chartered Accountants           |  |
| Benchmark:            | Average 1-month deposit rate of Islamic banks           |  |
| Fund Manager(s)       | Sajjad Anwar, CFA                                       | Going forward, we expect further improvement in the Fund performance due to coupon reset of the majority of the sukuk portfolio and good opportunities available in mudaraba placements resulting from tight monetary conditions.  |
| Minimum Subscription: | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/- |  |

Asset Allocation (as on 31st May 2008)



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