



# NAFA Islamic Income Fund (NIIF)

National Fullerton  
Asset Management Limited

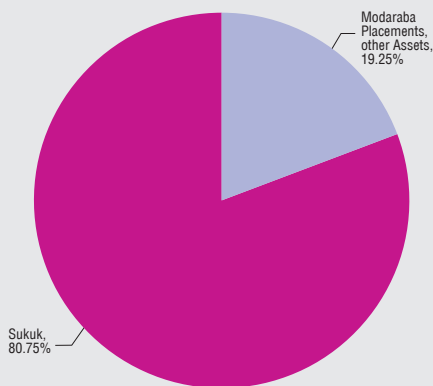
Unit Price (30/11/2008): Rs. 8.7930

November 2008

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>Jan - Jun 2008*</b>	<b>Jul - Sep 2008*</b>	<b>Oct 2008*</b>	<b>Nov 2008**</b>	<b>Since Launch October 29, 2007***</b>
	<b>NAFA Islamic Income Fund</b>	<b>8.62%</b>	<b>10.62%</b>	<b>12.48%</b>	<b>(13.76)%</b>	<b>(5.67)%</b>
	<b>Benchmark</b> (Average 1-month deposit rate of Islamic Banks)	5.31%	5.46%	5.84%	0.51%	5.99%
	<b>Profit on Rs. 100,000 invested</b>	Rs. 4,209	Rs. 2,577	Rs. 1,004	Rs. (13,760)	Rs. (5,672)
* Represents Annualized Return ** Represents cumulative Return for the month only *** Represents cumulative Return since inception (Returns are net of management fee & all other expenses)						

General Information		Fund Manager's Commentary
Launch Date: October 29, 2007 Fund Size: Rs. 570 million Type: Open-end – Fixed Income Fund Dealing: Daily Settlement: 2-3 business days 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: Sajjad Anwar, CFA Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	<p>As per directives of Securities &amp; Exchange Commission of Pakistan (SECP) dated November 5, 2008, issued to all Asset Management Companies, NAFA Islamic Income Fund's (NIIF) Sukuk Portfolio was revalued. The revaluation has resulted in a downward adjustment of around 15.5 % in the Net Asset Value of the Fund. As per the Circular, the revaluations of debt securities at discounted rates will be effective till January 12, 2009.</p> <p>During the month of November 2008, NAV of NIIF was down by 13.76%. Due to the mark-down in the value of the sukuk portfolio, through a book entry only and without any effect on the cash flows, weighted average Yield To Maturity (YTM) on the sukuk portfolio has increased to 27.02% p.a. As liquidity improves in the system, Sukuk prices will reverse back to the level where they were prevailing before the SECPs' Circular was issued.</p>

Asset Allocation (as on 30th November 2008)



The attached chart shows asset allocation of the Fund as on November 30, 2008. Sukuk accounts for 80.75% of the Fund size compared to 83.93% during the previous month and investment in Modaraba placements comprises 19.25% of the Fund size.

The State Bank of Pakistan in its recent monetary policy announcement in November 2008, increased policy rate by 2.00% to 15.00% from 13.00%. In anticipation of increase in the policy rate, KIBORs of different tenors started moving up and 6-month KIBOR closed the month at 15.67% compared to 15.10% previous month.

Going forward, we expect the profit rate on the Fund to improve further due to: (i) increase in yield on the sukuk portfolio; (ii) further resetting of sukuks' coupons at the prevailing KIBOR; and (iii) attractive rates on the mudaraba placements.

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