

## Performance

| Performance % *                 | November 2010* | Jul. - Nov. 2010* | Since Launch<br>October 29, 2007** |
|---------------------------------|----------------|-------------------|------------------------------------|
| <b>NAFA Islamic Income Fund</b> | <b>55.94%</b>  | <b>2.44%</b>      | <b>-3.03%</b>                      |
| <b>Benchmark</b>                | <b>6.45%</b>   | <b>6.38%</b>      | <b>20.37%</b>                      |

\* Represent Annualized Return

\*\* Represent Cumulative Return

(Returns are net of management fee & all other expenses)

## General information

|                        |  |
|------------------------|--|
| Launch Date:           | October 29, 2007                                       |
| Fund Size:             | Rs. 187 million  |
| Type:                  | Open-end – Shariah Complaint Income fund               |
| Dealing Days:          | Daily – Monday to Friday                               |
| Dealing Time:          | 9:00 A.M to 4:30 P.M                                   |
| Settlement:            | 2-3 business days                                      |
| Pricing Mechanism:     | Forward Pricing  |
| Load:                  | Front end: 1.0%  |
| Management Fee:        | 1.5% per annum   |
| Risk Profile:          | Low to Medium  |
| Fund Stability Rating: | "BBB- (f)" by PACRA                                    |
| Listing:               | Lahore Stock Exchange                                  |
| 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:          | Usman Khan   |
| Minimum Subscription:  | Growth Unit: Rs. 10,000/<br>Income Unit: Rs. 100,000/- |
| Asset Manager Rating:  | AM2- by PACRA  |

## Asset Allocation %

|                  | 30-Nov-10 | 31-Oct-10 |
|------------------|-----------|-----------|
| Sukuk            | 68.20%    | 83.48%    |
| GOP Ijara Sukuk  | 2.72%     | 2.82%     |
| Cash Equivalents | 22.55%    | 7.80%     |
| Other Assets     | 6.53%     | 5.90%     |
| Total            | 100.00%   | 100.00%   |
| Leverage         | Nil       | Nil       |

## TFC/SUKUK Holdings (% of Net Assets)

|                                   |        |
|-----------------------------------|--------|
| Kohat Cement Limited (Sukuk)      | 34.62% |
| Engro Fertilizer Limited (Sukuk)  | 14.48% |
| Pak Electron Limited (Sukuk)      | 10.11% |
| Maple Leaf Cement Limited (Sukuk) | 8.93%  |
| GOP Ijarah (Sukuk)                | 2.72%  |

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Ahmad Nouman, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM  
Usman Khan

## Investment Objective

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.

## Fund Manager Commentary

The Fund earned an annualized return of 55.94% during November, 2010. The return is expected to be in the range of 10%-12% for the FY 2011.

The annual Yield-to-Maturity of Sukuk portfolio in your Fund is 24.96% and the weighted average time to maturity is 3.48 years. Hence for investors with an investment horizon of three to four years, NIIF offers an attractive opportunity to earn handsome returns, as evident by its current annual yield to maturity. However, since there are Sukuks in the portfolio and their prices may go up and down only long-term investors are advised to invest in this Fund.

## Details of Non-Compliant Investments

| Name of Non Compliant Investment | Type of Investment | Value of Investments before Provision | Provision held    | Value of Investments after Provision | % of Net Assets | Yield to Maturity per annum |
|----------------------------------|--------------------|---------------------------------------|-------------------|--------------------------------------|-----------------|-----------------------------|
| Kohat Cement Limited Sukuk       | Sukuk              | 96,600,000                            | 32,023,576        | *** 64,576,424                       | 34.62%          | 30.59%                      |
| Maple Leaf Cement Sukuk 1        | Sukuk              | 26,543,068                            | 9,896,716         | *** 16,646,352                       | 8.93%           | 28.02%                      |
| <b>Total</b>                     |                    | <b>123,143,068</b>                    | <b>41,920,292</b> | <b>81,222,776</b>                    | <b>43.55%</b>   |                             |

\*\*\* Book value, performing but below investment grade

## Credit Quality of the Portfolio (% of Net Assets)

