

National Fullerton  
Asset Management Limited

# NAFA Income Fund (NIF)

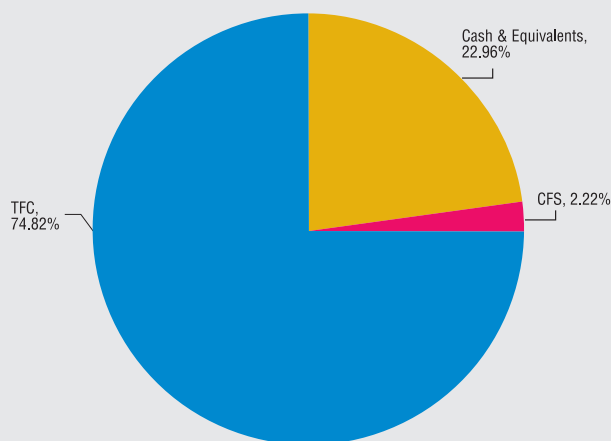
Unit Price (31/08/2008): Rs. 10.1654

August 2008

Investment Objective	Performance			
	Annualized Performance (%)*	May - Jul 2008	Aug 2008	Since Launch March 29, 2008
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	<b>NAFA Income Fund:</b>	<b>8.90%</b>	<b>9.88%</b>	<b>9.08%</b>
	<b>Benchmark:</b>	11.66%	12.98%	11.59%
	<b>Profit on Rs. 100,000 invested</b>	Rs. 2,173	Rs. 803	**Rs. 3,785
	* Returns are net of management fee & all other expenses ** Represents cumulative profit since inception			

General Information		Fund Manager's Commentary
Launch Date:	March 29, 2008	<p>NAFA Income Fund, during the month, has offered an annualized return of 9.88%. Weighted average rating of NAFA Income Fund's entire portfolio is "A+" and its duration is 70 days. Term Finance Certificates (TFCs) comprises of 75% of the Fund size and the weighted average rating of the TFC portfolio is "AA-". Coupon rates on TFCs are linked to KIBOR, which are reset on a semi - annual or a quarterly basis. Return on the TFCs held in the portfolio increased to around 13.34% during the month in comparison to 13% a month earlier. We expect the coupons on the remaining 40% of our TFC portfolio to be reset over the next 30 days, which will help to enhance the return of the Fund.</p> <p>6-Month KIBOR after touching 13.48% a month earlier has increased to 13.76%. The reasons behind the increase in KIBOR are (1) increase in the rates offered by Government papers due to continuous borrowing by Government; (2) high inflation, which touched 24% annualized (CPI) in the month of July, 2008.</p> <p>CFS activity remained dull due to lower volumes in the equity market. However, CFS rates increased to 17% p.a. from 14.76% p.a. a month earlier as flow of funds have dried down in this particular avenue.</p> <p>The attached chart shows the asset allocation of the Fund. As of August 31, 2008 allocation in TFCs, Cash and Equivalents, and CFS are 74.82%, 22.96% and 2.23% of the Fund size respectively.</p> <p>NAFA Income Fund will maintain short duration of the portfolio in the coming months to mitigate interest rate risk.</p>
Fund Size:	Rs. 1,424 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.	
Benchmark:	3-Month T-Bills	
Fund Manager:	Ms. Rukhsana Narejo, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2008)



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