

NAFA Income Fund (NIF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/08/2016): Rs. 9.8602

August 2016

Performance %

Performance Period	Aug 2016	FYTD 2017	Trailing 12 months Sep 15 - Aug 16	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	Since Launch March 28, 2008*
NAFA Income Fund	6.3%	7.4%	6.8%	6.9%	13.7%	2.3%	6.9%	(6.9%)	3.9%
Benchmark	6.0%	6.0%	6.4%	6.5%	9.0%	9.8%	9.9%	12.4%	10.6%

* Annualized Return Based on Morning Star Methodology
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information

Launch Date:	March 28, 2008
Fund Size:	Rs. 630 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee:	10% of Net Income (Min 0.5% p.a., Max 1.0% p.a.)
Total Expense Ratio:	1.53% p.a.(including 0.18% government levies)
Risk Profile:	Low
Fund Stability Rating	"A (f)" by PACRA
Listing:	Pakistan Stock Exchange
Custodian & Trustee:	MCB Financial Services Limited
Auditors:	Deloitte Yousuf Adil Chartered Accountants
Benchmark:	6-Month KIBOR
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2++ by PACRA (High Investment Management Standards)

Investment Objective

To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.

Fund Manager Commentary

The Fund posted an annualized return of 6.3% during August 2016 versus the Benchmark return of 6.0%. The annualized return during FYTD is 7.4% against the Benchmark return of 6.0%, hence an outperformance of 1.4% p.a. This outperformance is net of management fee and all other expenses.

As the allocation of the Fund shows, exposure in TFCs and Sukuks stands at 27.6% of total assets. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average Yield-to-Maturity of the Fund is around 7.3% p.a. while, its weighted average time to maturity is 0.8 year. This yield does not include potential recovery in fully provided TFCs (Face Value of around Rs. 309 million), which is potential upside for the Fund. Thus, the Fund is expected to perform well over the medium to long term horizon. However, since TFCs prices may go up or down, therefore, only investors with medium term investment horizon are advised to invest in this Fund.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

Asset Allocation (% of Total Assets) 31-Aug-16 29-July-16

TFCs / Sukuks	27.6%	27.9%
T-Bills	4.6%	6.6%
MTS	5.3%	13.6%
Placement with Banks	14.1%	7.9%
Bank Deposits	47.1%	42.7%
Others including receivables	1.3%	1.3%
Total	100.0%	100.0%
Leverage	Nil	Nil

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
World Call Telecom Limited	TFC	26,881,190	26,881,190	-	-	-
Saudi Pak Leasing	TFC	41,321,115	41,321,115	-	-	-
Eden Housing (Sukuk II)	SUKUK	19,687,500	19,687,500	-	-	-
AgriTech Limited II	TFC	149,875,800	149,875,800	-	-	-
AgriTech Limited V	TFC	22,180,000	22,180,000	-	-	-
New Allied Electronics (Sukuk II)	SUKUK	49,054,371	49,054,371	-	-	-
Total		308,999,976	308,999,976	-	-	-

Credit Quality of the Portfolio as of Aug 31, 2016 (% of Total Assets)

Govt. Securities (AAA rated)	4.6%
AAA	0.2%
AA+	33.1%
AA	14.2%
AA-	10.6%
A+ & below	30.7%
MTS (Unrated)	5.3%
Other including receivables	1.3%
Total	100.0%

Top TFC (as at Aug 31, 2016)

Name of TFC / Sukuk	% of Total Assets
K Electric Azm Sukuk	7.8%
Jahangir Siddiqui and Company Ltd.(Pre IPO) 16-MAY-16 16-MAY-21	6.2%
Askari Commercial Bank Limited 30-SEP-14 30-SEP-24	5.9%
Faysal Bank Limited	3.0%
Jahangir Siddiqui and Company Ltd. 08-APR-14	3.1%
Bank Alfalah Limited (Floater)	1.6%
Total	27.6%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 4,095,302/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs.0.0641/0.69%. For details investors are advised to read note 5 of the Financial Statements of the Scheme for the period ended March 31, 2016. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Syed Suleman Akhtar, CFA

Notes: 1) The calculation of performance does not include cost of front end load.

2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

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