



National Fullerton
Asset Management Limited

NAFA Income Fund (NIF)

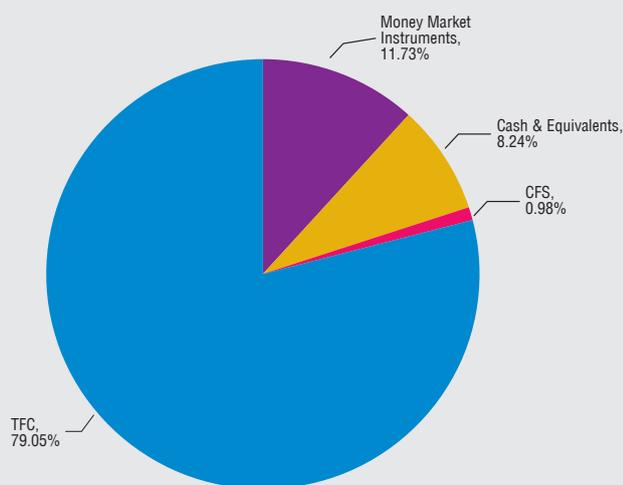
Unit Price (31/12/2008): Rs. 9.3934

December 2008

Investment Objective	Performance					
	Performance (%)	Apr - Jun 2008*	Jul - Sep 2008*	Oct - Dec 2008**	Dec 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.	NAFA Income Fund	8.50%	11.06%	(6.10)%	1.12%	(1.55)%
	Benchmark	10.89%	12.90%	3.33%	1.13%	9.41%
	Profit on Rs. 100,000 invested	Rs. 2,055	Rs. 2,680	Rs.(6,102)	Rs. 1,118	Rs. (1,554)
	* Represents Annualized Return ** Represents cumulative Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date:	March 29, 2008	During December 2008, NAFA Income Fund earned an annualized rate of return of 13.99%. Apart from a one time mark-down of the TFC portfolio in November as per the Securities and Exchange Commission of Pakistan Circular, the return of your Fund has been improving every quarter, as interest rates (6-M KIBOR) have risen. 6-M KIBOR was stable all month and ended at 15.70%. These levels are expected to sustain over next months.
Fund Size:	Rs. 1,036 million	
Type:	Open-end – Fixed Income Fund	The mark-down of TFCs, as communicated in the previous month's report, has increased the yield to maturity (return) of TFCs allocation of your Fund. This is around 22.00% now. With a high allocation in this asset class, the annual return of your Fund is expected to be attractive in the coming months.
Dealing:	Daily	
Settlement:	2-3 business days	
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	Recently, liquidity in the banking sector has improved as compared to the previous two months. Many factors contributed to this positive development including IMF loan disbursement, improved sovereign credit rating of Pakistan from CCC to CCC+, SBP measures and relatively stable PKR/USD rates. With political stability, falling commodities prices, expected Foreign Direct Investment after the IMF loan, and hopefully better law and order situation, we project improving macro-economic conditions in Pakistan in 2009. This should translate into higher demand of financial assets over the medium-term, which will be positive for your Fund.
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	3-Month T-Bills	
Fund Manager:	Ahmad Nouman	We reiterate our stance that these times offer meaningful opportunity to 1) existing unit-holders to increase their investment in NIF 2) new investors, to earn extra yields at current depressed NAV of NAFA Income Fund.
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st December 2008)



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NAFA Income Fund will maintain its strategy to keep a low duration of its portfolio to minimize any interest rate risk.

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