



Performance

Performance % *	December 2010 *	FYTD Jul - Dec 2010 **	Trailing 12 Months *	Since Launch March 29, 2008 *
NAFA Income Fund	41.19%	-1.39 %	1.77%	4.76%
Benchmark	13.36%	6.18%	12.33%	12.20%

* Represent Annualized Return - (based on morning star formula)

** Represent Cumulative Return

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

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 521 million
Type:	Open-end – 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%, Back end: 0%
Management Fee:	2.0% per annum
Risk Profile:	Low
Fund Stability Rating	A- (f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants"
Benchmark:	6-Month KIBOR (Benchmark changed with effect from 15-12-2010. Previous Benchmark was 3-Months T-Bills)
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

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 earned an annualized return of 41.19% during December 2010. The higher return is attributable to recovery of previous mark-up payment due from a Fertilizer company. This TFC has now been restructured. The return is expected to be in double digits during CY 2011 as a TFC in the Fund is expected to be restructured very soon. Increase in KIBOR also bodes well for the floating rate TFCs in your Fund.

The weighted average Yield to Maturity of NAFA Income Fund is around 20.96% p.a. The weighted average maturity of NAFA Income Fund is 3.32 years. Thus, the Fund is expected to perform well over a three to four years horizon. However, since there are TFCs/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

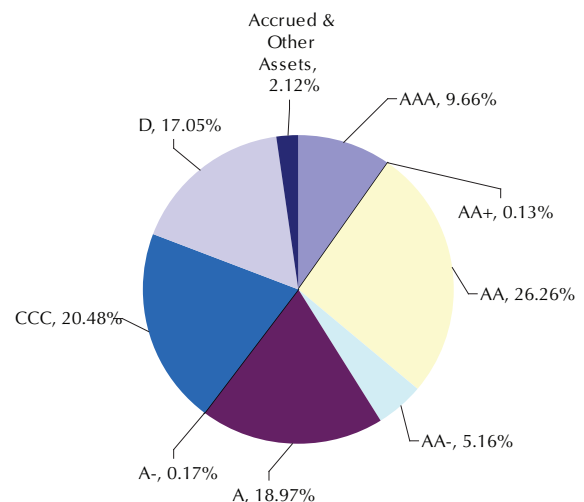
Name of Non Compliant Investment	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	Yield to Maturity per annum
Agritech Limited II	TFC	149,880,000	43,150,835	106,729,165	20.48%	27.99%
Saudi Pak Leasing	TFC	54,921,900	17,749,278	37,172,622	7.13%	22.70%
Eden Housing Sukuk II	Sukuk	75,000,000	23,329,350	***51,670,650	9.92%	37.68%
Total		279,801,900	84,229,463	195,572,437	37.54%	

*** Book value, performing but below investment grade

Asset Allocation

	31-Dec-10	30-Nov-10
TFC / Sukuk	82.57%	84.09%
T-Bills	9.55%	-
Cash Equivalents	5.76%	14.37%
Other Assets	2.12%	1.54%
Total	100.00%	100.00%
Leverage	Nil	Nil

Credit Quality of the Portfolio (% of Net Assets)



TFC/SUKUK Holdings (as at December 31, 2010)

Name of TFCs / Sukuks	% of Net Assets
Agritech Limited II	20.48%
World Call Telecom Limited	18.93%
Engro Fertilizer (PPTFC)	16.99%
Eden Housing Limited Sukuk-II	9.92%
UBL IV	9.12%
Saudi Pak Leasing	7.13%
Total	82.57%

Name of the Members of Investment Committee

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