



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/12/2012): Rs. 9.2678

December 2012

## Performance

Performance % *	December 2012 *	FYTD Jul 12 - Dec 12 *	Trailing 12 Months Jan- Dec 2012 - 2012 *	Since Launch March 29, 2008 **
NAFA Income Fund	-8.69%	4.98%	6.13%	1.11%
Benchmark	9.07%	10.09%	11.15%	12.20%

\* Simple Annualized Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 471 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: 1.0%, 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:	MCB Financial Services Limited
Auditors:	M. Yousuf Adil Saleem & Co. 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

## 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 loss of 8.69% during December 2012 versus the benchmark return of 9.07%.

As the allocation of the Fund shows, exposure in TFCs and Sukuks stand at 53.78%. The weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is around Rs. 89 against the par value of Rs.100. All TFCs in the Fund are floating rate instruments linked to KIBOR.

The weighted average Yield-to-Maturity of the Fund is around 17.21% p.a. while its weighted average time to maturity is 1.97 years. This yield does not include potential recovery in fully provided TFCs (Face Value of Rs. 221 mln) which is potential upside for the Fund. Thus, the Fund is expected to perform well over medium to long term horizon. However, prices of TFCs may go up and/or down. Therefore, only medium to long-term investors are advised to invest in this Fund.

## Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

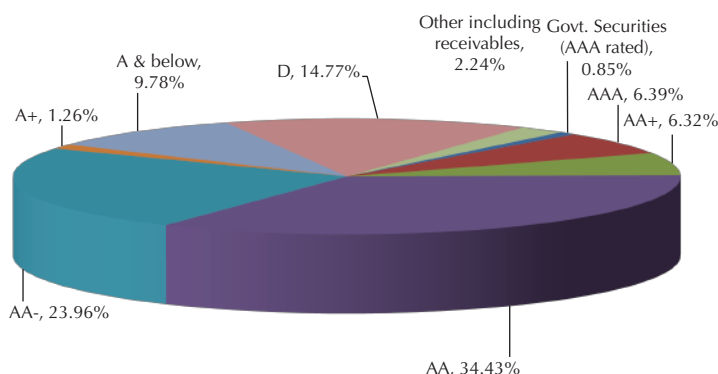
	31-Dec-12	30-Nov-12
TFCs / Sukuks	53.78%	54.71%
T-Bills	-	25.43%
PIBs	0.11%	0.11%
Islamic Commercial Paper	6.32%	6.26%
GOP Ijara Sukuks - Govt. Backed	0.74%	0.73%
Placement with DFIs	7.37%	-
Cash Equivalents	29.44%	10.62%
Other including receivables	2.24%	2.14%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
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	Yield to Maturity per annum
World Call Telecom Limited	TFC	29,982,002	23,236,052	6,745,950	1.43%	1.42%	144.17%
Saudi Pak Leasing**	TFC	47,926,890	-	31,621,012	6.71%	6.66%	27.23%
Eden Housing (Sukuk II)	SUKUK	48,750,000	16,994,786	31,755,214	6.74%	6.69%	63.04%
Agritech Limited II	TFC	149,875,800	149,875,800	-	n/a	n/a	n/a
Agritech Limited V	TFC	22,180,000	22,180,000	-	n/a	n/a	n/a
New Allied Electronics (Sukuk II)	SUKUK	49,054,371	49,054,371	-	n/a	n/a	n/a
<b>Total</b>		<b>347,769,063</b>	<b>261,341,009</b>	<b>70,122,176</b>	<b>14.88%</b>	<b>14.77%</b>	

\*\*Said TFC is performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

## Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



## Top 10 TFC / Sukuk (Including Islamic Commercial Paper) (as at December 31, 2012)

Name of TFC / Islamic Commercial Paper	% of Total Assets
Pakistan Mobile Communication Limited	8.80%
Eden Housing (Sukuk II)	6.69%
Saudi Pak Leasing	6.66%
Standard Chartered Bank (Pakistan) Limited IV	6.39%
Engro Fertilizers Limited 30-NOV-07	6.16%
Faysal Bank Limited	5.39%
HUBCO Short Term Islamic Sukuk I	5.27%
United Bank Limited IV	3.22%
Engro Fertilizer Limited (PPTFC)	2.74%
Bank Alfalah Limited (Floater)	2.20%
<b>Total</b>	<b>53.52%</b>

## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 1,821,448 /-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0358/ 0.41%. For details investors are advised to read note 8 of the Financial Statements of the Scheme for the period ended September 30, 2012.

## Name of the Members of Investment Committee

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

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.