



NAFA Income Fund (NIF)

NBP Fullerton
Asset Management Limited

MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/07/2011): Rs. 9.2104

July 2011

Performance

Performance %	July 2011*	Jan. - Jul. 2011 *	Trailing 12 Months **	Since Launch March 29, 2008**
NAFA Income Fund	-5.15%	-7.89%	-4.90%	1.40%
Benchmark	1.07%	7.73%	13.32%	12.47%

* Represent Cumulative Return

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

(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	March 29, 2008
Fund Size:	Rs. 437 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 P.M (Saturday) 9:00 A.M to 1:00 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
Fund Manager:	Ahmad Nouman, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' 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's unit price declined by 5.15% during July 2011. This is owing to provisioning in Agritech TFC. Now the TFC is marked at Rs 28 against Face Value of Rs 100. Second restructuring of this issue is in the advance stage and we expect the losses to reverse in the coming months.

The Fund's allocation to TFCs / Sukuks is around 72%. All TFCs in your Fund are floating rate instruments linked to KIBOR. During first seven months of CY 2011 average 6-Month KIBOR was around 13.74% as against 12.34% for the same period last year, which is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is around Rs.79 against the par value of Rs.100, which suggests improved returns going forward.

The weighted average Yield-to-Maturity of the Fund is around 21.46% p.a. while its weighted average time to maturity is 3.16 years. Thus, the Fund is expected to perform well over three to four year horizon. However, since there are TFCs / Sukuks in the portfolio whose prices may go up and down. Therefore, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 30-Jul-11 31-Jun-11

	30-Jul-11	31-Jun-11
TFCs / Sukuks	72.08%	73.64%
T-Bills	24.21%	22.22%
Cash Equivalents	1.07%	1.59%
Other Net Assets	2.64%	2.55%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top TFC/SUKUK Holdings (as at July 30, 2011)

Name of TFCs / Sukuks	% of Net Assets
Engro Fertilizer Limited (PPTFC)	21.51%
Eden Housing Limited (Sukuk)	11.32%
UBL IV	11.25%
World Call Telecom Limited	10.45%
Agritech Limited (PPTFC II)	9.60%
Saudi Pak Leasing	7.95%
Total	72.08%

Name of the Members of Investment Committee

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

Details of Non-Compliant Investments

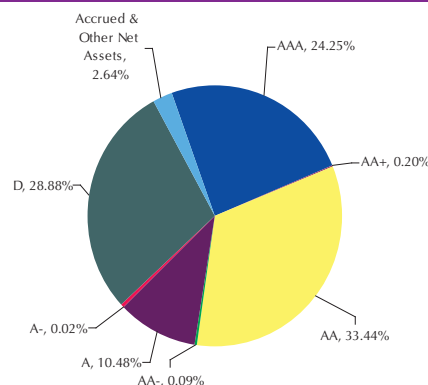
Particulars	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets	Yield to Maturity per annum
Agritech Limited II	TFC	149,880,000	107,913,600	41,966,400	9.60%	9.52%	34.19%
Saudi Pak Leasing***	TFC	52,637,100	17,883,585	34,753,515	7.95%	7.88%	26.22%
Eden Housing Sukuk II	Sukuk	71,250,000	21,756,758	49,493,242	11.32%	11.23%	42.20%
New Allied Electronics Sukuk II	Sukuk	49,054,371	49,054,371	-	0.00%	0.00%	0.00%
Total		322,821,471	196,608,314	126,213,157	28.87%	28.63%	

*** Book Value, performing but below investment grade

Excess / (Short) exposures

Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short) Exposure
Engro Fertilizer Limited (PPTFC)	Per Party	21.51%	10.00%	11.51%
Chemical Sector	Sector	31.11%	25.00%	6.11%

Credit Quality of the Portfolio as of JULY 30, 2011 (% of NAV)



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.