



**National Fullerton
Asset Management Limited**

NAFA Income Fund (NIF)

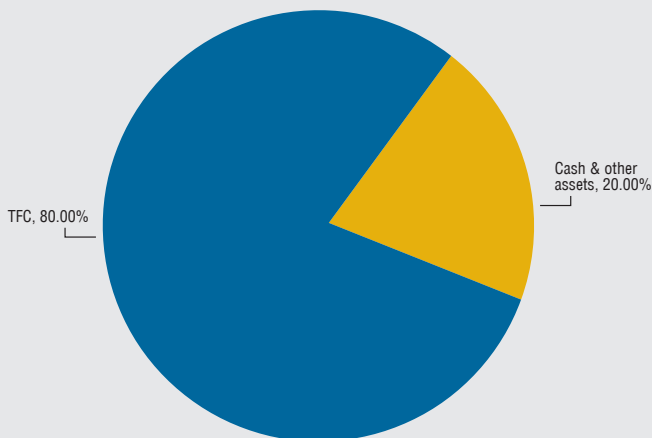
Unit Price (30/06/2009): Rs. 10.1237

June 2009

Investment Objective	Performance				
To earn a competitive rate of return while preserving capital to the extent possible by investing in liquid assets.	Performance (%)	Mar - Dec 2008*	Jul - Jun 2008-09*	Jun 2009*	Since Launch March 29, 2008**
	NAFA Income Fund	(2.04)%	3.91%	25.51%	6.10%
	Benchmark	12.53%	13.43%	13.53%	16.48%
* 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 Fund Size: Rs. 1,036 million Type: Open-end – Fixed Income Fund Dealing: Daily - Monday to Friday Settlement: 2-3 business days Load: Front end: 1.0% Management Fee: 1.5% per annum	<p>During the month of June, NAFA Income Fund (NIF) has earned an annualized return of 25.51%. This is 11.98% better than the benchmark return.</p> <p>In the next quarter, we expect market liquidity to improve. Inflation is declining as is evident from (i) Year on Year (YoY) CPI (Consumer Price Index) of 14.4% in May, 2009 versus 17.2% in April, 2009; (ii) YoY Wholesale Price Index (WPI) declined to 4.7% in May, 2009, as against 8.3% in April, 2009. We expect a full percentage point cut in the Policy Discount Rate, which is currently at 14%. As the interest rate declines and liquidity in the system improves, TFCs prices are expected to rise, which is expected to keep the return on your Fund attractive. As economic indicators continue to improve, we expect State Bank of Pakistan to tilt its stance towards growth, from current prime focus on price stability. We expect KIBOR to move into single digits in next few quarters.</p> <p>Success of the Swat operation and realization of expected foreign financial inflows can go a long way in boosting investor confidence to increase their holdings of all financial assets including TFCs. With political stability, improved and stable foreign reserves, improving current account deficit and expected reduction in borrowing costs, one can expect a healthy economic recovery in FY 2010.</p> <p>Six months KIBOR closed the month of June at 12.76%, ninety nine basis points lower than the May closing. In the last T-Bill auction held on June 18, 6-months T-Bills cut-off rate was 12.44% as against 13.19% in the auction held on May 18, 2009. This again reasserts our expectation that short-term interest rates are trending down.</p>
Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: 3-Month T-Bills Fund Manager: Ahmad Nouman Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 30th June 2009)



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