



National Fullerton
Asset Management Limited

NAFA Income Fund (NIF)

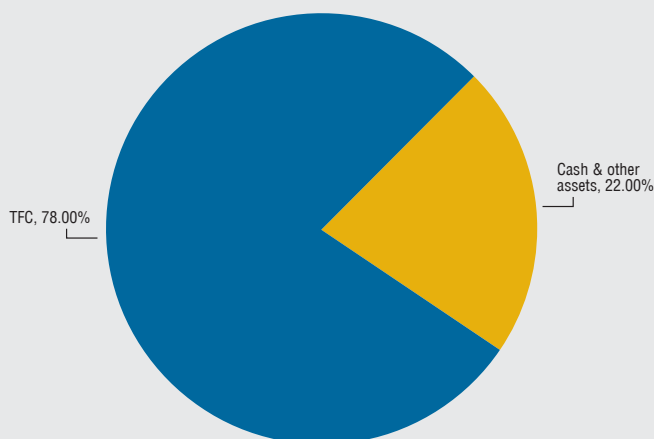
Unit Price (31/05/2009): Rs. 9.9364

May 2009

Investment Objective	Performance					
	Performance (%)	Apr - Dec 2008*	Jan - Mar 2009*	Apr 2009*	May 2009*	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	(2.12)%	15.01%	10.36%	17.38%	4.14%
	Benchmark	12.56%	13.30%	13.36%	13.96%	15.27%
	* 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. 1,044 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	NAFA Income Fund (NIF) has earned an annualized return of 17.38% during the month of May 2009. This is better than the annualized benchmark return by 342 bps. Some TFCs traded at slightly lower prices in the month of May. This was due to the tightening of the liquidity situation in the market, as is also evidenced by rise in 6-M KIBOR to 13.75% as against 13.35% in April-end. Liquidity is expected to improve from July onwards due to several factors including (i) passing by of June 30th crossing; (ii) expected decrease in Policy/ Discount Rate in July; (iii) realization of some foreign inflows by then, committed from multilateral agencies, US and other sources, thus increasing domestic liquidity.
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 (on 31st May 2009)



Our view on Discount rate cut is based on (i) Year on Year (YoY) CPI (Consumer Price Index) that decreased to 17.2% in April versus 19.1% in March; (ii) YoY Wholesale Price Index (WPI) decreased to 8.3% in April, as against 11.1% in March. WPI peaked in August 2008 at 35.7% and is declining since then. This declining number is expected to arrest the price increase at the retail level, benefiting the consumers; (iii) improving current account deficit and expected foreign financial inflows; (iv) slowdown in private sector credit during the eleven months of current fiscal year; (v) low economic growth; and (vi) restrained Government borrowing from the State Bank of Pakistan (SBP) as per macroeconomic stabilization package and under Stand-By Agreement with IMF.

With a high allocation in TFCs and assuming our view on interest rate materializes, your Fund is expected to continue to generate healthy returns in the coming months.

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