

## Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch March 29, 2008
NAFA Income Fund	4.80%	3.82%	6.15%	5.73%
Benchmark	13.64%	13.13%	13.04%	12.40%

\* 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. 499 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- 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 4.80% during May 2011 versus the benchmark return of 13.64%. The Fund's calendar year to date annualized return is 12.43%.

The Fund's allocation to TFCs/ Sukuks is around 76%. All TFCs in your Fund are floating rate instruments linked to KIBOR. During Jan-May 2011 average 6-Months KIBOR was around 13.72% as against 12.33% for the same period last year, and 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 Rs. 82 against the par value of Rs100, which suggests improved returns going forward.

The weighted average Yield-to-Maturity of the Fund is around 21.82% p.a. while its weighted average time to maturity is 3.15 years. Thus, the Fund is expected to perform well over a three to four year horizon. However, since there are TFCs / Sukuks in the portfolio and their prices may go up and down primarily based on market liquidity etc., only long-term investors are advised to invest in this Fund.

## Asset Allocation (% of NAV) 31May-11 29-Apr-11

	31May-11	29-Apr-11
TFC / Sukuk	75.98%	76.32%
T-Bills	20.60%	19.32%
Cash Equivalents	1.41%	3.40%
Other Net Assets	2.01%	0.96%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

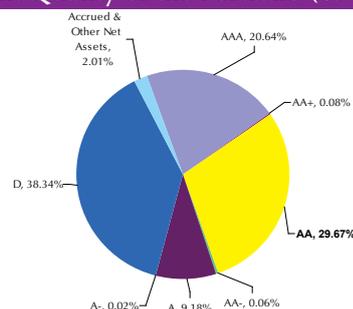
## Details of Non-Compliant Investments

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
AgriTech Limited II	TFC	149,880,000	43,150,835	106,729,165	21.38%	21.20%	29.32%
Saudi Pak Leasing	TFC	53,289,900	18,105,403	**35,184,497	7.05%	6.99%	25.95%
Eden Housing Sukuk II	Sukuk	71,250,000	21,756,757	49,493,243	9.92%	9.83%	40.74%
New Allied Electronics Sukuk II	Sukuk	49,054,371	49,054,371	-	-	-	-
<b>Total</b>		<b>323,474,271</b>	<b>132,067,366</b>	<b>191,406,905</b>	<b>38.35%</b>	<b>38.02%</b>	

\*\* Book value, performing but below investment grade.

Excess / (Short) exposures	Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short)
AgriTech Limited PPTFC II	Per Party	21.38%	10%	11.38%	
Engro Fertilizer Perpetual 1 PPTFC	Per Party	18.63%	10%	8.63%	
Chemical Sector	Sector	40.01%	25%	15.01%	
Cash and Cash Equivalents	Cash Balance	22.01%	25%	-2.99%	

## Credit Quality of the Portfolio (% of NAV)



## Top TFC/SUKUK Holdings (as at May 31, 2011)

Name of TFCs / Sukuks	% of Net Assets
AgriTech Limited (PPTFC II)	21.38%
Engro Fertilizer Limited (PPTFC)	18.63%
Eden Housing Limited (Sukuk II)	9.92%
United Bank Limited IV	9.84%
World Call Telecom Limited	9.16%
Saudi Pak Leasing TFC	7.05%
<b>Total</b>	<b>75.98%</b>

## Name of the Members of Investment Committee

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