

Investment Objective	Performance					
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	Annualized Performance (%)	Qtr 1 - 2006 (Jul – Sept)	October 2006	November 2006	December 2006	Since Launch April 22, 2006
	NAFA Cash Fund:	10.1%	9.4%	10.9%	11.0%	10.5%
	Benchmark:	9.5%	9.7%	9.7%	9.8%	9.7%
Profit on Rs. 100,000 invested	Rs. 2,539	Rs. 801	Rs. 895	Rs. 936	Rs. 7,126	

General Information	Fund Manager Commentary
---------------------	-------------------------

Launch Date:	April 22, 2006
Fund Size:	Rs. 5.2 billion
Type:	Open-end – Fixed Income Fund
Dealing:	Daily
Settlement:	2-3 business days
Load:	No entry or exit load
Management Fee:	1.5% per annum

Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Company
Benchmark:	1-month KIBOR
Fund Manager(s)	Ms. Rukhsana Narejo, CFA
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-

NCF has been in operation for about 9 months now, and has offered a 10.5% annualized return to its investors since launch. The return has shown a gradual improvement over the last few months.

CFS rates declined marginally during the month of December due to low activity witnessed at the Karachi Stock Exchange. Even after the decline in CFS rates, NCF has managed to outperform its benchmark and competition.

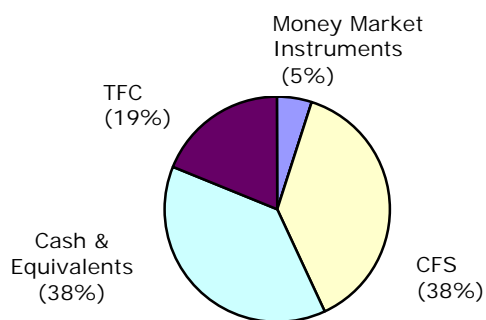
The Fund's total investment in TFCs has decreased as some of the TFCs matured during December. However, we have identified some good new investment opportunities in TFC, and will be taking some positions in January.

KIBOR has increased by 8 basis points during the month, and as our TFC portfolio is linked to KIBOR rates, it has helped the fund's performance.

During December, placements with banks remained a major investment avenue for us as the rates of bank deposits witnessed a substantial increase due to the liquidity crunch prevailing in the market. This liquidity crunch is a normal phenomenon witnessed during the month of December.

As part of our strategy, we have reduced our exposure in COIs and presently our investment in COIs is only around 1% of the fund size.

**Asset Allocation (as on 31<sup>st</sup> December 2006)**



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

*Your investments and "NAFA" grow together*



**Joint – Venture Partners**

**National Fullerton Asset Management Ltd.**  
9<sup>th</sup> Floor, Adamjee House, I.I.Chundrigar Road,  
Karachi-74000, Pakistan.  
Toll Free: 0800-20001 UAN: +92-21-111-111-632.  
Fax: +92-21-2467605.

Website: [www.nafafunds.com](http://www.nafafunds.com) Email: [info@nafafunds.com](mailto:info@nafafunds.com)