



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/11/2012): Rs. 9.9752

December 2012

Performance

Performance % *	December 2012 *	FYTD Jul 12 - Dec12 *	Trailing 12 Months Jan. - Dec 2012 *	Since Launch April 22, 2006 **
NAFA Income Opportunity Fund	33.43%	6.43%	4.14%	6.23%
Benchmark	9.07%	10.09%	11.15%	11.65%

* Simple Annualized Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date: April 22, 2006
Fund Size: Rs. 1,675 million
Type: Open-end – Income Fund
Dealing Days: Daily – Monday to Saturday (Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M (Saturday) 9:00 A.M to 1:00 P.M
Dealing Time: 2-3 business days
Settlement: Forward Pricing
Pricing Mechanism: Front end: 0%, Back end: 0%
Load: 1.5% per annum
Management Fee: Low
Risk Profile: "BBB+(f)" by PACRA
Fund Stability Rating: Lahore Stock Exchange
Listing: Central Depository Company (CDC)
Custodian & Trustee: KPMG Taseer Hadi & Co.
Auditors: Chartered Accountants
Benchmark: 6-Month KIBOR
Fund Manager: Ammar Rizki
Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 by PACRA

Investment Objective

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.

Fund Manager Commentary

The Fund posted an annualized return of 33.43% during December 2012 as compared to benchmark return of 9.07%. Higher return during the month is on account of partial settlement of Cement Sector Sukuk and fully provided Textile Sector TFC. The annualized return for Calendar Year 2012 is 4.14%. Some of the non-performing TFCs are at an advanced stage of restructuring, which will result in some recoveries in due course of time.

PPTFC of Azgard Nine (ANL) in the Fund, which was fully provided with face value of Rs. 249.8 million was restructured on October 31, 2012, under which around 56.6% of investment in TFCs was swapped with the shares of Agritech Limited (AGL) at Rs. 35 per share. As a result of this, NIOF received 4,040,090 shares of AGL against its proportionate share in the PPTFC of ANL for an amount of Rs 141.4 million, leaving outstanding Face Value of investment in TFC of Rs 108.4 million.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 81.92 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 16.70% p.a. and that of the TFC portfolio is 22.08% p.a. The weighted average time to maturity of the Fund is about 1.90 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Financial Services, Banking, and Leisure (Hotel) sub-sectors. However, since TFCs prices may go up and down, therefore, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of Total Assets) 31-Dec-12 30-Nov-12

	31-Dec-12	30-Nov-12
TFCs / Sukuks	47.67%	45.82%
T-Bills	0.32%	21.20%
Placement with DFIs	3.02%	-
Equity	2.19%	-
Cash Equivalents	21.38%	7.35%
Other including receivables	25.42%	25.63%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top 10 TFC/Sukuk Holdings (as at December 31, 2012)

Name of TFCs / Sukuks	% of Total Assets
Pakistan Mobile Communication (Listed II)	7.07%
Maple Leaf Cement (Sukuk I)	7.04%
Engro Fertilizer Limited (PPTFC)	6.62%
Avari Hotels Limited	6.54%
Bank Alfalah Limited V	4.64%
Orix Leasing Pakistan (PPTFC)	3.02%
Allied Bank Limited II	2.89%
Kohat Cement Limited (Sukuk)	2.00%
BRR Guardian Modaraba	1.65%
Saudi Pak Leasing	1.47%
Total	42.94%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 12,460,460/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0742/0.77%. For details investors are advised to read note 8 of the latest Financial Statement of the Scheme for the period ended September 30, 2012.

Name of the Members of Investment Committee

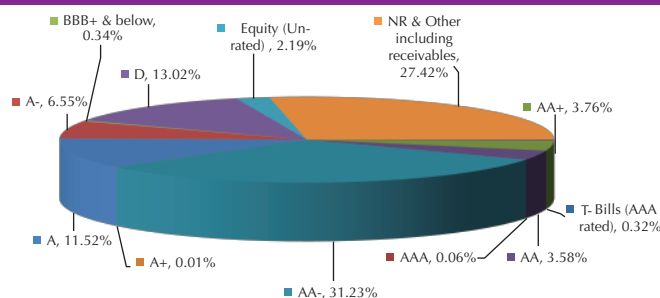
Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Ammar Rizki

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
BRR Guardian Modaraba**	SUKUK	47,343,750	-	35,507,813	2.12%	1.65%	35.70%
Escort Investment Bank Limited**	TFC	9,991,920	-	7,367,602	0.44%	0.34%	18.00%
Kohat Cement Limited (Sukuk)**	SUKUK	57,377,540	-	43,033,155	2.57%	2.00%	9.59%
Saudi Pak Leasing**	TFC	47,926,890	-	31,621,012	1.89%	1.47%	27.23%
World Call Telecom Limited	TFC	96,370,722	74,687,310	21,683,412	1.29%	1.01%	144.17%
Eden Housing (Sukuk II)	SUKUK	22,425,000	7,817,602	14,607,398	0.87%	0.68%	63.04%
Maple Leaf Cement (Sukuk I)	SUKUK	379,150,000	227,490,000	151,660,000	9.06%	7.04%	37.07%
Pak Elektron Limited (Sukuk)	SUKUK	51,428,571	25,942,834	25,485,737	1.52%	1.18%	90.21%
Agritech Limited I	TFC	149,860,200	149,860,200	-	n/a	n/a	n/a
Agritech Limited V	TFC	32,320,000	32,320,000	-	n/a	n/a	n/a
Azgard Nine Limited III	TFC	108,396,850	108,396,850	-	n/a	n/a	n/a
Azgard Nine Limited V	TFC	82,180,000	82,180,000	-	n/a	n/a	n/a
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	n/a	n/a	n/a
Gharibwal Cement Limited (PPTFC)	TFC	24,355,500	24,355,500	-	n/a	n/a	n/a
Maple Leaf Cement (Sukuk II)	SUKUK	6,666,667	6,666,667	-	n/a	n/a	n/a
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	n/a	n/a	n/a
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	n/a	n/a	n/a
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	n/a	n/a	n/a
Azgard Nine Limited (Non-Voting Ordinary Shares)	Equity	14,567	14,567	-	n/a	n/a	n/a
Agritech Limited Shares	Equity	47,147,851	-	47,147,851	2.82%	2.19%	n/a
Total		1,538,631,498	1,115,407,000	378,113,980	22.58%	17.56%	

**Said TFCs are performing but classified as Non-Compliant on the basis of required rating. Due to this difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

Credit Quality of the Portfolio as of December 31, 2012 (% of Total Assets)



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.