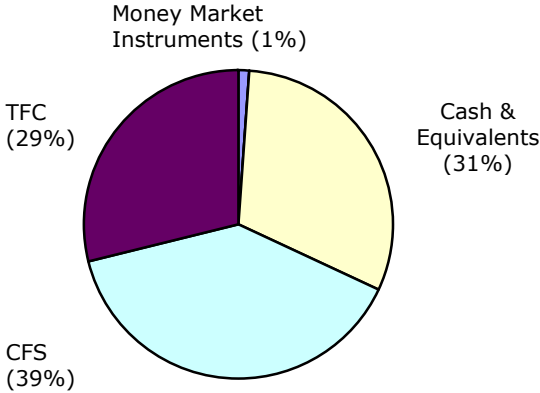


Investment Objective	Performance					
	Annualized Performance (%) *	FY - 2007 (Jan – Dec)	HY1 - 2007 (Jul-Dec)	Q2 - 2007 (Oct –Dec)	January 2008	Since Launch April 22, 2006
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	NAFA Cash Fund	9.9%	9.5%	9.3%	9.1%	10.8%
	Benchmark	9.1%	9.3%	9.4%	9.4%	9.6%
	Monthly profit on Rs. 100,000 invested	Rs. 819	Rs. 789	Rs. 775	Rs. 772	Rs. 19,243
* Returns are net of management fee & all other expenses						

General Information		Fund Manager Commentary
<p>Launch Date: April 22, 2006 Fund Size: Rs. 24.2 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 Fund Stability Rating: A(f) Performance Rating: 5-Star (JCR-VIS)</p>	<p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Benchmark: 3-Month T-Bills (PKRV) Fund Manager(s): Ms. Rukhsana Narejo, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	<p>Return of NAFA Cash Fund remained stable during the month. The Fund size has increased by 4% during the month. CFS rates declined from 17.61% on 31st December, 2007 to 10.95%. CFS rates increased due to year-end liquidity crunch in the banking circle. Due to supply pressures persisting in January, CFS rates have reverted to their previous levels. Investment in CFS was enhanced due to higher comparative rate of return in comparison to other alternatives available in the market.</p>
<p>Asset Allocation (as on 31st January 2008)</p> 		<p>With most of the economic data available for 1HY08, key indicators point out to a deteriorating trend. CPI has increased to 8%, while core inflation is also showing a rising trend. Current account and fiscal deficits are expected to surpass the budgeted target. Government's decision of not raising prices of utilities has put pressure on the fiscal deficit. Money supply (M2) is rising at an annualized rate of 19.5%.</p> <p>In our earlier fund manager reports, we had predicted that interest rates are expected to rise. The State Bank has increased the discount rate by 50 bps whereas CRR (cash Reserve Requirements) has also been increased by 1% in pursuance to the tightened monetary policy. Increase in discount rate and CRR is expected to have a trickle down effect on KIBOR, CFS and TDR rates. As NAFA Cash Fund has a duration of 75 days only, we stand to benefit from this development.</p> <p>We continue to remain invested in short-term tenors, to avoid any downward risk from any further rise in interest rates. We are actively managing our TFC portfolio and continue to capitalize on any inefficiency prevailing in the market. We have increased our TFC portfolio to about 29% of the Fund size.</p>
<p>Disclaimer: The price of units may go down as well as up. Please refer to respective offering document(s).</p>		

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