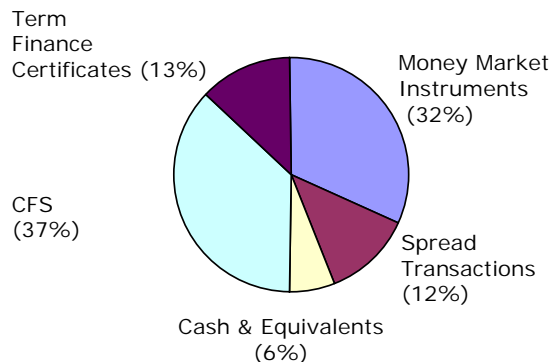


Investment Objective	Performance					
	To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	Annualized Performance (%)	May 2006	June 2006	July 2006	Since Launch (April 22, 2006)
		NAFA Cash Fund: Benchmark:	10.1% 9.1%	9.7% 8.9%	9.6% 9.2%	9.9% 9.2%
Profit on Rs. 100,000 invested	Rs. 856	Rs. 798	Rs. 818	Rs. 2,749		

General Information		Fund Manager Commentary
Launch Date:	April 22, 2006	<p>The important landmark for NAFA was crossing fund size of Rs.5 Billion in NAFA Cash Fund within the short span of 90 Days since the launch of the Fund. In spite of downward pressure on rates, NAFA Cash Fund was able to meet our benchmark commitment and offered a return of approximately 10% to its investors.</p> <p>The two significant events of this month were raise in the reserve requirements and increase in discount rate. The State Bank in its notifications increased total reserve requirement from 20% to 25% for commercial banks and subsequently also increased discount rate by 50 basis points to 9.50%. This had an immediate impact on the liquidity and consequently 1-month KIBOR rose by 126 basis points, whereas 6-month KIBOR rose by 112 basis points. This will have a positive impact on the performance of the fund going forward as many of our investments are KIBOR-linked. CFS and RFS rates also rose significantly following this event, as these rates carry a certain risk premium over KIBOR. A large chunk of funds from national saving schemes are expected to be released soon, which could bring the interest rates marginally down. However, in the long run, we believe that the KIBOR will sustain the present level.</p> <p>CFS and RFS rates have risen from a low of 12.50% in June to 14.70% at present. We expect this increase to continue gradually. Also, CFS MK II is expected to be implemented by end-August, which will improve our return as mutual funds will be allowed to provide their own margins.</p> <p>NCF investment in TFCs has risen from 4% in June to 13% in July, which should improve the Fund's performance going forward. The NAFA Cash Fund's investment in TFCs is based on floating rates, linked to KIBOR and the present trend in interest rates will further enable us to improve our performance in future. We would like to further increase our investment in TFCs to approximately 20% of the fund size as and when good opportunities arise.</p> <p>In line with our business plans and subject to regulatory approvals, NAFA should be launching a series of funds this year. NAFA Pakistan Stock Fund is scheduled to be launched soon.</p>
Fund Size:	Rs. 5.4 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	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation



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

National Fullerton Asset Management Ltd.
9th 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 Email: info@nafafunds.com

Your investments and "NAFA" grow together



Joint – Venture Partners