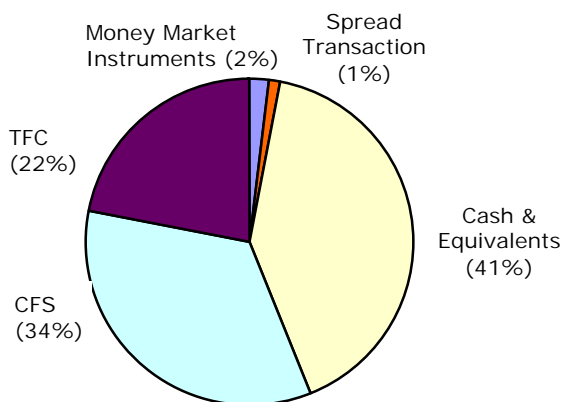


Investment Objective	Performance					
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	Annualized Performance (%) *	HY 1 - 2006 (Jul - Dec)	HY 2 - 2007 (Jan - Jun)	June 2007	July 2007	Since Launch April 22, 2006
	NAFA Cash Fund:	10.3%	10.3%	10.0%	9.9%	10.83%
	Benchmark:	9.6%	9.6%	9.4%	9.33%	10.07%
	Profit on Rs. 100,000 invested	Rs. 5,171	Rs. 5,089	Rs. 821	Rs. 839	Rs. 13,824
* Returns are net of management fee & all other expenses						

General Information	Fund Manager Commentary
<p>Launch Date: April 22, 2006 Fund Size: Rs. 18.8 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)</p>	<p>SBP continued its tighter monetary stance during the month of July, 2007. Despite that 6-month KIBOR rates fell by 5 basis points to 9.95%. Pakistan received record net foreign investment during FY07, which resulted in annual growth of 16.70% in Money Supply. This was the most important reason, why SBP was not able to control fall in interest rates. Effects of rising money supply were not only felt by KIBOR rates but by CFS rates as well. Increase in money supply led to fixed income market becoming more competitive. As a result, rates fell across the board for all fixed income instruments.</p> <p>In response to falling CFS rates, we adjusted our strategy. Corporates have started taking advantage of rise in money supply and the trend of issuing TFCs has been on the rise. NAFA Cash Fund has taken advantage of this development and has increased its TFCs portfolio to 22% of the Fund size from 17% during June. Spreads offered by TFCs over the 6-months KIBOR have been decreasing over the last few months but in comparative terms, they are still better than the returns offered by CFS market.</p> <p>SBP announced Monetary Policy for July-December 2007 on 31st July. Contrary to market expectations, it has increased the discount rate by 50 basis points to 10% p.a.</p> <p>Despite the falling interest rate environment NAFA Cash Fund has been able to provide approximately 10% p.a. return to its investors over the last six months. More importantly, the Fund has the lowest volatility among the income funds in the market and continues with its record of not experiencing drop in the unit price by even one paisa since its launch on 22nd April, 2006.</p>
<p>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/-</p>	

Asset Allocation (as on 31st July 2007)



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

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