



# NAFA CASH FUND

## Monthly Report

Unit Price (30/6/2006): Rs. 10.19

June 2006

General Information			
Launch Date:	April 22, 2006	Listing:	Lahore Stock Exchange
Fund Size:	Rs. 3.9 billion	Custodian & Trustee:	Central Depository Company (CDC)
Type:	Open-end – Fixed Income Fund	Auditors:	A. F. Ferguson & Company
Dealing:	Daily	Benchmark:	1-month KIBOR rate
Settlement:	2-3 business days	Fund Manager(s)	Ms. Rukhsana Narejo
Load:	No entry or exit load	Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Management Fee:	1.5% per annum		

### 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.

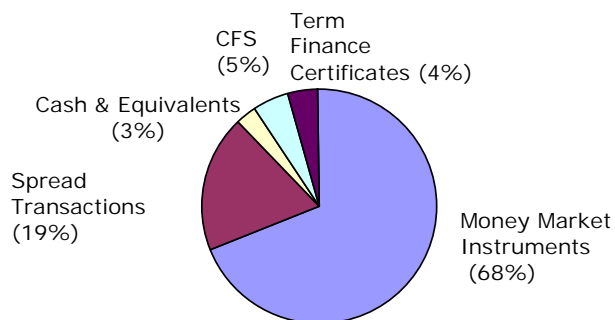
### Fund Manager Commentary

The recent budget brought a surprise to the mutual fund industry in the form of tax on CFS income earned by mutual funds. A delegation of the mutual fund industry met Chairman, CBR and urged him to take this tax back as this amounts to double taxation of fund investors. To our relief, in a subsequent amendment to Finance Bill 2006, tax exempt status on CFS income by mutual funds has been restored.

Annualized Performance (%)	May 2006	June 2006	Since Launch (April 22, 2006)
NAFA Cash Fund:	10.1%	9.7%	10.0%
Benchmark:	9.1%	8.9%	9.1%
Profit on Rs. 100,000 invested	Rs. 856	Rs. 798	Rs. 1913

Over the last few months, due to decline in volume and interest in the stock market, CFS rates and Ready Forward Spread (RFS) has dropped. As a result, we have shifted asset allocation from CFS and RFS to short term, liquid money market instruments. We remain ready to shift our asset allocation as and when rate of return improves on RFS and CFS. During the last month, NAFA Cash Fund has increased its investment in TFCs to 4% of the portfolio from the previous month level of 1%. This ratio is expected to reach around 12% by end of July.

### Asset Allocation



Since launch of the Fund over two months ago, NAFA Cash Fund unit price has not experienced a drop of even one paise on any day. It is our endeavor to maintain this trend. Following increased exposure to TFCs, CFS and Spread transactions, we expect the return on the Fund to improve further in the coming months.

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

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*Your investments and "NAFA" grow together*



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