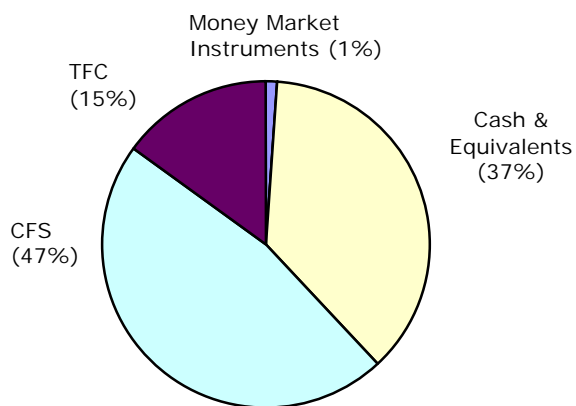


Investment Objective	Performance					
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	Annualized Performance (%) *	HY - 2006 (Jul – Dec)	QTR III - 2007 (Jan – Mar)	April 2007	May 2007	Since Launch April 22, 2006
	NAFA Cash Fund:	10.3%	10.6%	10.1%	9.6%	10.8%
	Benchmark:	9.6%	9.8%	9.5%	9.5%	10.0%
	Profit on Rs. 100,000 invested	Rs. 5,171	Rs. 2,622	Rs. 832	Rs. 815	Rs. 11,959
* Returns are net of management fee & all other expenses						

General Information	Fund Manager Commentary
<p>Launch Date: April 22, 2006 Fund Size: Rs. 15.8 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>Market has been recipient of massive liquidity for the past few months. Money Supply (M2) has exceeded its target and reached 13.99% in the first 10-months of the current fiscal year. Increase in money supply has put downward pressure on CFS rates as well as the bank deposit rates. CFS rates have decreased to 11.85% from 15.56% only 5 months ago. The 6-Month KIBOR rate has also decreased by 51 basis points over the past five months. Bank deposit rates have declined by approximately 2% over the last few months.</p> <p>As a result of drop in CFS, KIBOR and bank deposit rates, the return being offered by Income Funds have also declined accordingly. We think that the current scenario of extremely low CFS rates is not sustainable, and rates are expected to rise in the future. NAFA Cash Fund has been able to provide returns which are better than benchmark as well as the peer group.</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 May 2007)



SECP is targeting end of June or early July for implementation of CFS MK II. Main features of CFS MK II would be uncapping of current limit on financing and decrease in cost for CFS financiers. All the financiers are expected to be provided with individual CFS terminals, where they would be direct parties in the system, with no reliance on intermediaries. We expect this to positively impact NAFA Cash Fund's return, as CFS MK II will help in reduction of cost of financing.

Due to attractive returns, minimal volatility and reputable sponsors, NAFA Cash Fund crossed Rs.15 billion in a short span of 13-months.

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 & NAFA grow together



Joint - Venture Partners