



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/10/2013): Rs. 10.3998

October 2013

Performance

| Performance % | October 2013 * | FYTD Jul 2013 - Oct 2013* | Trailing 12 Months Nov12 -Oct 13 * | Since Launch April 22, 2006 ** |
|------------------------------|----------------|---------------------------|------------------------------------|--------------------------------|
| NAFA Income Opportunity Fund | 13.55% | 11.18% | 13.13% | 6.98% |
| Benchmark | 9.55% | 9.25% | 9.40% | 11.41% |

* Annualized Simple Return - ** (Annualized Return Based on Morningstar Methodology)
(Returns are net of management fee & all other expenses)

General Information

Launch Date: April 22, 2006
Fund Size: Rs. 1,830 million
Type: Open-end – Income Fund
Dealing Days: Daily – Monday to Saturday
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M
(Friday) 9:00 A.M to 5:30 P.M
(Saturday) 9:00 A.M to 1:00 P.M
Settlement: 2-3 business days
Pricing Mechanism: Forward Pricing
Load: Front end: 0%, Back end: 0%
Management Fee: 1.5% per annum
Risk Profile: Low
Fund Stability Rating: "BBB+(f)" by PACRA
Listing: Lahore Stock Exchange
Custodian & Trustee: Central Depository Company (CDC)
Auditors: KPMG Taseer Hadi & Co.
Chartered Accountants
Benchmark: 6-Month KIBOR
Fund Manager: Muhammad Imran, CFA, ACCA
Minimum Subscription: Growth Unit: Rs. 10,000/-
Income Unit: Rs. 100,000/-
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

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 Fund posted an annualized return of 13.6% during October 2013 as compared to the benchmark return of 9.6%. Outperformance of the Fund during the month is due to the profit received on a telecommunication sector TFC and mark to market gain. During the last one year the Fund has out-performed its benchmark by 3.7% by earning an annualized return of 13.1%.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 80 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 13.88% p.a. and that of the TFC portfolio is 23.26% p.a. The weighted average time to maturity of the Fund is about 1.38 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Financial Services, Banking, and Leisure (Hotel) sub-sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. Therefore, in case of increase in interest rates, the coupon income of the Fund will improve. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

Asset Allocation (% of Total Assets) 31-Oct-13 30-Sep-13

| | | |
|------------------------------|----------------|----------------|
| TFCs / Sukuks | 28.79% | 36.76% |
| Placement with Banks | 7.55% | 7.88% |
| Equity | 2.18% | 2.18% |
| Cash Equivalents | 37.43% | 28.08% |
| Others including receivables | 24.05% | 25.10% |
| Total | 100.00% | 100.00% |
| Leverage | Nil | Nil |

Details of Non-Compliant Investments

| Particulars | Type of Investment | Value of Investments before Provision | Provision held | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|--|--------------------|---------------------------------------|----------------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| BRR Guardian Modaraba*** | SUKUK | 42,031,250 | - | 31,523,438 | 1.72% | 1.36% | 44.57% |
| Escort Investment Bank Limited*** | TFC | 4,995,960 | - | 3,683,801 | 0.20% | 0.16% | 18.00% |
| Kohat Cement Limited (Sukuk)*** | SUKUK | 27,609,995 | - | 20,707,496 | 1.13% | 0.89% | 6.20% |
| Saudi Pak Leasing*** | TFC | 43,923,390 | - | 21,961,695 | 1.20% | 0.95% | 56.29% |
| World Call Telecom Limited | TFC | 96,370,722 | 81,915,114 | 14,455,608 | 0.79% | 0.62% | 30.75% |
| Eden Housing (Sukuk II) | SUKUK | 14,662,500 | 5,111,509 | 9,550,991 | 0.52% | 0.41% | 96.43% |
| Maple Leaf Cement (Sukuk I) | SUKUK | 349,150,000 | 209,490,000 | 139,660,000 | 7.63% | 6.03% | 40.44% |
| Pak Elektron Limited (Sukuk) | SUKUK | 51,428,571 | 46,285,714 | 5,142,857 | 0.28% | 0.22% | 174.75% |
| Agritech Limited I | TFC | 149,860,200 | 149,860,200 | - | n/a | n/a | n/a |
| Agritech Limited V | TFC | 32,320,000 | 32,320,000 | - | n/a | n/a | n/a |
| Azzard Nine Limited III | TFC | 108,376,850 | 108,376,850 | - | n/a | n/a | n/a |
| Azzard Nine Limited V | TFC | 82,180,000 | 82,180,000 | - | n/a | n/a | n/a |
| Dewan Cement Limited | TFC | 150,000,000 | 150,000,000 | - | n/a | n/a | n/a |
| Ghanibwal Cement Limited (PPTFC) | TFC | 24,355,500 | 24,355,500 | - | n/a | n/a | n/a |
| New Allied Electronics (PPTFC) | TFC | 31,706,536 | 31,706,536 | - | n/a | n/a | n/a |
| New Allied Electronics (Sukuk II) | SUKUK | 44,148,934 | 44,148,934 | - | n/a | n/a | n/a |
| PACE Pakistan Limited | TFC | 149,820,000 | 149,820,000 | - | n/a | n/a | n/a |
| Azzard Nine Limited (Non-Voting Ordinary Shares) | Equity | 12,854 | 12,854 | - | n/a | n/a | n/a |
| Agritech Limited Shares | Equity | 141,403,150 | 90,902,025 | 50,501,125 | 2.76% | 2.18% | n/a |
| Total | | 1,544,356,412 | 1,206,485,235 | 297,187,011 | 16.24% | 12.82% | |

***Said TFCs are performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

Top 10 TFC/Sukuk Holdings (as at October 31, 2013)

| Name of TFCs / Sukuks | % of Total Assets |
|----------------------------------|-------------------|
| Engro Fertilizer Limited (PPTFC) | 6.56% |
| Maple Leaf Cement (Sukuk I) | 6.03% |
| Bank Alfalah Limited V | 4.41% |
| Avari Hotels Limited | 2.88% |
| Allied Bank Limited II | 2.86% |
| BRR Guardian Modaraba | 1.36% |
| Engro Fertilizer Limited | 1.10% |
| Saudi Pak Leasing | 0.95% |
| Kohat Cement Limited (Sukuk) | 0.89% |
| World Call Telecom Limited | 0.62% |
| Total | 27.66% |

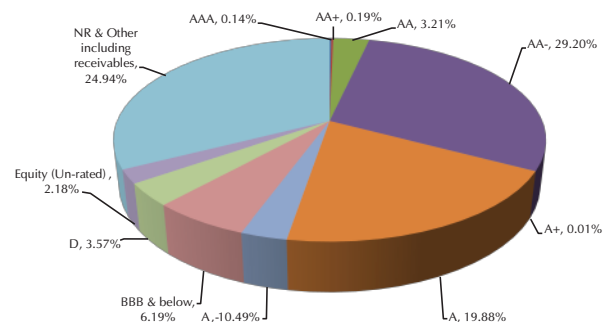
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.16,377,393/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0931/1.01%. For details investors are advised to read note 8 of the Financial Statement of the Scheme for the quarter ended September 30, 2013.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Syed Suleman Akhtar, CFA
Muhammad Imran, CFA, ACCA

Credit Quality of the Portfolio as of October 31, 2013 (% of Total Assets)



Disclaimer: This publication is for informational purposes only and nothing herein should be construed as a solicitation recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.