



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (30/12/2011): Rs. 10.2232

December 2011

Performance

Performance % *	December 2011	Jul. - Dec. 2011	Jan. - Dec. 2011	Since Launch August 21, 2010
NAFA Riba Free Savings Fund	12.81%	11.99%	11.65%	11.02%
Benchmark	8.40%	8.39%	8.34%	8.32%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 635 million
Type:	Open-end – Shariah Compliant Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon - Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end: 0%, Back end: 0%
Management Fee:	1.0% per annum
Risk Profile:	Low
Fund Stability Rating:	"AA-(f)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	Average 6-month deposit rate of A- and above rated Islamic Banks
Fund Manager:	Khalid Anwar Chapra
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- 'Positive Outlook' by PACRA

Investment Objective

To provide preservation of capital and earn a reasonable rate of return along with a high degree of liquidity by investing in short-term Shariah compliant banks and money market / debt securities.

Fund Manager Commentary

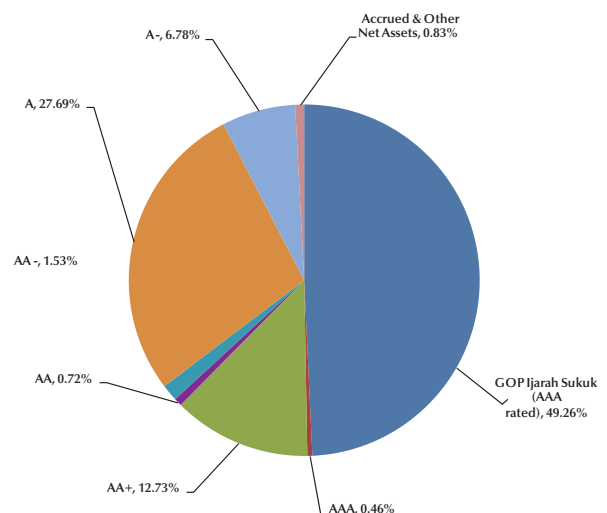
The annualized return generated by NRFSF for the month of December 2011 is 12.81%. The return for the CY 2011 is 11.65% p.a. against the benchmark return of 8.34% p.a., hence an out-performance of 3.31%. Since the Fund's inception over sixteen months ago, the Fund has out-performed its benchmark by 2.7% on an annualized basis. This outperformance is net of management fee and all other expenses. The management is announcing monthly dividends since July 2011 and intends to continue this policy in the future as well.

We aim to consistently provide better returns than profit rates offered by Islamic Banks / Islamic windows of commercial banks, while also providing easy liquidity along with a high quality credit profile. The Fund is not authorized to invest in corporate sukuks and the stock market. With stability rating of AA-(f), your Fund is amongst the highest rated Riba Free Income Funds in the market. The management has decided to increase the management fee by 0.25% p.a. from Feb 27, 2012.

Government of Pakistan Ijarah Sukuks is the largest asset class of your Fund with around 50% allocation. After the last auction on December 20, 2011, the outstanding amount of GOP Ijarah sukuks is around Rs.293 billion. In the last auction, participation was Rs 84.17 billion against the target of Rs 50 billion, and bids worth Rs 70.27 billion were accepted. GOP Ijarah sukuks are floating rate Shariah compliant debt securities with six monthly coupon resets and an average duration of three months. This minimizes pricing risk.

The average duration of the Fund is 83 days.

Credit Quality of the Portfolio as of December 30, 2011 (% of NAV)



Asset Allocation (% of NAV)	30-Dec-11	30-Nov-11
GOP Ijarah Sukuk - Govt. Backed	49.26%	61.36%
Islamic Commercial Paper	12.20%	6.69%
Cash Equivalents	37.71%	30.20%
Other Net Assets	0.83%	1.75%
Total	100.00%	100.00%
Leverage	Nil	Nil

Top Holdings (as at December 30, 2011)

Name of Sukuk / Islamic Commercial Paper	% of Net Assets
GOP Ijarah (Sukuk VIII)	19.81%
GOP Ijarah (Sukuk V)	13.45%
GOP Ijarah (Sukuk IX)	7.08%
KAPCO Islamic CP	6.30%
HUBCO Islamic CP	5.90%
GOP Ijarah (Sukuk VI)	5.26%
GOP Ijarah (Sukuk VII)	3.66%
Total	61.46%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Ahmad Nouman, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Khalid Anwar Chapra