

# NAFA Financial Sector Income Fund (NFSIF)



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/06/2017): Rs. 10.4933

June 2017

Performance %							
Performance Period	June 2017	FY 2017 (Rolling 12 Months) Jul 16-Jun 17	FY 2016	FY 2015	FY 2014	FY 2013	Since Launch October 28, 2011*
NAFA Financial Sector Income Fund	6.3%	8.4%	6.4%	10.9%	7.9%	9.3%	9.0%
Benchmark**	6.2%	6.0%	5.9%	8.3%	8.9%	9.0%	8.0%

\* Annualized Return Based on Morning Star Methodology  
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information		Investment Objective
Launch Date:	October 28, 2011	To provide income enhancement and preservation of capital by investing in prime quality Financial Sector TFCs/Sukuku, Bank deposits and short-term money market instruments.
Fund Size:	Rs. 1,152 Million	
Type:	Open-end – Income Fund	<b>Fund Manager Commentary</b>
Dealing Days:	Daily – Monday to Saturday (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	
Dealing Time:	2-3 business days	The Fund generated an annualized return of 6.3% for the month of June 2017 versus the Benchmark return of 6.2%. Since its launch in October 2011, the Fund has generated an annualized return of 9.0% p.a. against the Benchmark return of 8.0% p.a., hence an outperformance of 1.0% p.a. This outperformance is net of management fee and all other expenses.
Settlement:	Forward Pricing	The Fund is unique as it invests a minimum 70% of its assets in Financial Sector (mainly banks) debt securities, instruments or deposits. Minimum entity rating of issuers of debt securities is "AA-". This minimizes credit risk and at the same time enhances liquidity of the Fund. Duration of the overall portfolio cannot be more than one year. This minimizes interest rate or pricing risk. The Fund invests 25% of its net assets in less than 90 days T-Bills or saving accounts with banks, which further enhances liquidity profile of the Fund.
Pricing Mechanism:	Forward Pricing	
Load:***	Front End Load (Individual): 1% (Nil on investment above Rs. 26 million) Front End Load (Other): 1% (Nil on investment above Rs. 16 million) Back End Load: NIL	Exposure in TFCs was 25.3% of net assets at the end of the month with average time to maturity of 3.6 years. The TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. The weighted average time-to-maturity of the Fund is 1 year.
Management Fee:	10% of Net Income (Min 0.5% p.a., Max 1.5% p.a.)	
Total Expense Ratio:	1.53% p.a.(including 0.39% government levies)	We will rebalance the allocation of the portfolio proactively based on the capital market outlook.
Risk Profile:	Low	
Fund stability rating:	'A+(f)' by PACRA	
Listing:	Pakistan Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants	
Benchmark:**	6-Month KIBOR	
Fund Manager:	Muhammad Ali Bhabha, CFA, FRM	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	
Asset Manager Rating:	AM1 by PACRA (Very High Quality)	

\*\* effective from September 01, 2016; Previously 70% 6-Month KIBOR & 30% average 3-Month deposit rates (A & above rated banks)  
\*\*\*effective from January 02, 2017

Asset Allocation (% of Total Assets)	30-June-17	31-May-17
TFCs	24.3%	46.5%
Commercial Paper	2.4%	3.5%
Bank Placements	16.7%	14.6%
Bank Deposits	55.9%	33.2%
Others including receivables	0.7%	2.2%
Total	100.0%	100.0%
Leverage	Nil	Nil

Top TFC (as at June 30, 2017) (% of Total Assets)	
Name of TFC	% of Total Assets
JS Bank Limited 14-DEC-16 14-DEC-23	9.8%
Bank Alfalah Limited IV - FT 02-DEC-09 02-DEC-17	4.8%
Askari Bank Limited IV 23-DEC-11 23-DEC-21	3.7%
Faysal Bank Limited III 27-DEC-10 27-DEC-17	2.9%
Jahangir Siddiqui and Company Ltd. 24-Jun-16 24-Jun-21	1.7%
Standard Chartered Bank (Pakistan) Limited IV - Revised 29-JUN-12 29-JUN-22	1.4%
Total	24.3%

Sindh Workers' Welfare Fund (SWWF)	
The scheme has maintained provisions against Sindh Workers' Welfare Fund's liability to the tune of Rs. 1,874,501/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0171/0.18%. For details investors are advised to read note 6 of the Financial Statements of the Scheme for the period ended March 31, 2017.	
Name of the Members of Investment Committee	
Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Muhammad Ali Bhabha, CFA, FRM Hassan Raza, CFA	

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

**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. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand investment policies and the risks involved.

Credit Quality of the Portfolio as of June 30, 2017 (% of Total Assets)	
AAA	2.4%
AA+	10.1%
AA	6.3%
AA-	56.3%
A+	24.0%
A	0.1%
A-	0.1%
Others including receivables	0.7%
Total	100.0%