



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

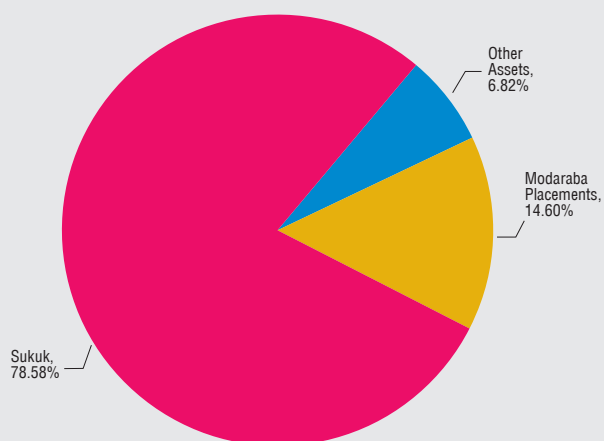
Unit Price (31/12/2008): Rs. 8.6971

December 2008

Investment Objective	Performance					
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	Performance (%)	Jan - Jun 2008*	Jul - Sep 2008*	Oct - Dec 2008**	Dec 2008**	Since Launch October 29, 2007**
	NAFA Islamic Income Fund	8.62%	10.62%	(13.84)%	(1.09)%	(6.70)%
	Benchmark (Average 1-month deposit rate of Islamic Banks)	5.31%	5.46%	1.53%	0.53%	6.55%
	Profit on Rs. 100,000 invested	Rs. 4,209	Rs. 2,577	Rs.(13,843)	Rs.(1,091)	Rs. (6,700)
* Represents Annualized Return ** Represents cumulative Return (Returns are net of management fee & all other expenses)						

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	<p>As per directives of Securities & Exchange Commission of Pakistan (SECP) dated November 5, 2008, Sukuks and TFCs have been revalued based on their credit rating. During the month of December 2008, sukuk issues of Maple Leaf Cement and Kohat Cement were marked down by 5.00% and 10.00% respectively due to downgrade by the credit rating agency.</p> <p>As a result of the revaluation impact of the sukuks of around 3.20%, during the month of December 2008, NAV of NAFA Islamic Income Fund (NIIF) went down by 1.09%. Due to the mark-down in the value of the sukuk portfolio, through a book entry only, the weighted average Yield To Maturity (return) on the sukuk portfolio has now increased to 30.00% per annum. We expect that as liquidity improves in the system, Sukuk prices will revert back to the level where they were prevailing before the SECPs' Circular was issued and losses experienced by our investors will reverse.</p> <p>The attached chart shows asset allocation of the Fund as on December 31, 2008. Sukuk comprises 78.58% of the Fund size compared to 80.75% during the previous month and Investment in Modaraba placements accounts for 14.60% of the Fund size.</p> <p>During the month of December 2008, liquidity conditions improved as indicated by the overnight lending rate which was calculated at 4.56% as against 6.67% during the previous month. Similarly, in tenors we have seen a downward trend in the lending rates.</p> <p>Going forward, we expect the performance of the Fund to improve substantially due to attractive yield on the sukuk portfolio and reversal of sukuks prices.</p>
Fund Size:	Rs. 562 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	
Load:	Front end - 1.0%	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	Average 1-month deposit rate of Islamic Banks	
Fund Manager:	Sajjad Anwar, CFA	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st December 2008)



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