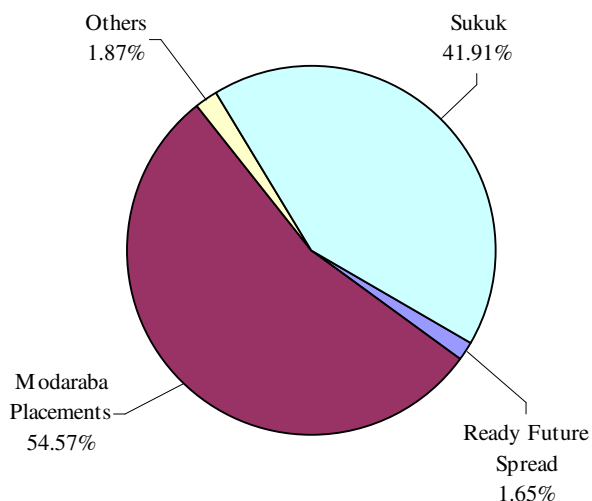


Investment Objective	Performance				
To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in Shariah Compliant money market & debt securities having good credit rating and liquidity.	Annualized Performance (%)	November	December	January	Since Launch October 29, 2007
	NAFA Islamic Income Fund:	6.37%	7.64%	7.90%	7.63%
	Benchmark:	5.17%	5.18%	5.19%	5.21%
	Profit on Rs. 100,000 invested	Rs. 523	Rs. 649	Rs. 671	Rs. 1,985
<i>* Returns are net of management fee & all other expenses</i>					

General Information		Fund Manager Commentary
Launch Date:	October 29, 2007	NAFA Islamic Income Fund (NIIF) has offered annualized return of 7.63% to its investor since its launch about 3 months ago. During the month of January annualized rate of return stands at 7.9% as compared to 7.64% last month, translating in to an improvement of 26 basis point. NIIF annualized return of 7.9% is much higher than the average annual bank deposit rate offered by Islamic banks of 5.19%.
Fund Size:	Rs. 957 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	The Prime focus in asset allocation has been to build diversified, high yield and liquid assets with good credit quality. As the attached chart shows, the sukuk portfolio as at January 31, 2008 reached around 42% of the Fund Size from 37% last month. Furthermore, compared with the last month we have been able to invest around 2% of our portfolio in spread transactions at attractive rates.
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	Amid uncertainty on the political front, corporates have adopted a wait and watch policy regarding their business expansion decisions. Consequently, the credit offtake by the private sector has declined. As a result, banks have been holding excessive liquidity which leads to lower profit rates on modaraba and musharka placements. We expect improvements in bank profit rates because banks lending rates is linked with KIBOR which is expected to increase with the recent increase in discount rate, and credit demand by the private sector post-election.
Fund Manager(s)	Sajjad Anwar, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st January 2008)



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

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