



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

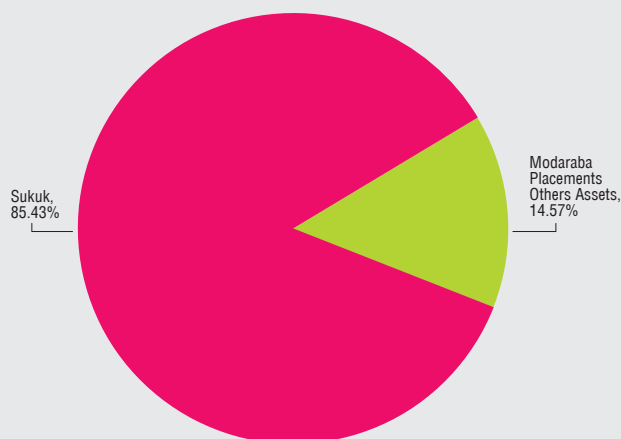
Unit Price (31/05/2009): Rs. 9.3342

May 2009

Investment Objective	Performance					
	Performance (%)*	Jan - Dec 2008	Jan - Mar 2009	Apr 2009	May 2009	Since Launch October 29, 2007*
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.	NAFA Islamic Income Fund	(7.88)%	24.98%	10.37%	9.38%	0.08%
	Benchmark	5.57%	7.75%	7.27%	7.27%	6.05%
	* Represents Annualized Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	During the month of May 2009, NAFA Islamic Income Fund (NIIF) generated an annualized return of 9.38% as against 10.37% during the previous month. The decrease in return during the month was due to trade of sukuk at a lower price.
Fund Size:	Rs. 528 million	
Type:	Open-end – Shariah Compliant Income Fund	The attached chart shows the asset allocation of the Fund. As on May 31, 2009, the sukuk portfolio comprised around 85% of the Fund size and Mudaraba placements & other assets accounted for around 15% of the Fund size. The increase in allocation in sukuk is due to decrease in the Fund size. We are maintaining higher allocation in sukuk due to their attractive coupon rates and expected gains as their prices revert back to the par value.
Dealing:	Daily - Monday to Friday	
Settlement:	2-3 business days	
Load:	Front end: 1.0%	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	Liquidity conditions remain tight during the month of May 2009. As a result, we have seen upward movement in KIBOR and overnight lending rates. 6-month KIBOR increased by 40 basis points to close the month at 13.75% as against 13.35% the previous month. Average overnight lending rate also increased to 12.90% compared with 12.80% last month. From July 1, 2008 to May 13, 2009, broad money supply (M-2) increased by 4.62% as against 9.34% for the same period last year. Key factor for this small growth in M-2 is a sharp decline in the private sector borrowing. However, with the expected inflow of US \$1.5 billion in the coming two months, the liquidity conditions in the market is expected to improve. We are expecting a declining trend in the interest rate due to a decrease in inflation in the coming months.
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 (on 31st May 2009)



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