



National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

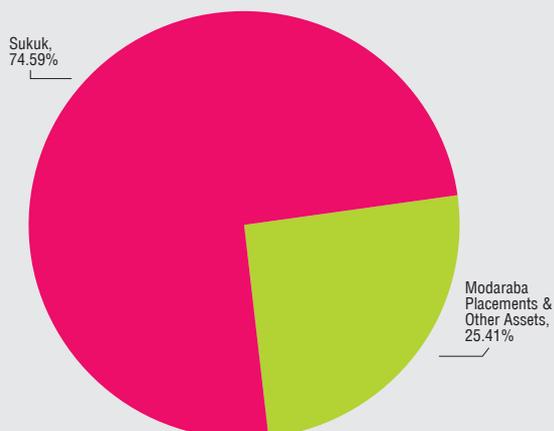
Unit Price (30/11/2009): Rs. 7.1424

November 2009

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.	<b>Performance (%)*</b>	<b>Oct - Dec 2007</b>	<b>Jan - Dec 2008</b>	<b>Jan - Nov 2009</b>	<b>Nov 2009</b>	<b>Since Launch October 29, 2007</b>
	<b>NAFA Islamic Income Fund</b>	<b>1.30%</b>	<b>(7.90)%</b>	<b>(17.88)%</b>	<b>(-15.87)%</b>	<b>(23.38)%</b>
	<b>Benchmark</b>	0.91%	5.59%	6.61%	0.53%	13.59%
* Represents Cumulative 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 November, 2009, NAFA Islamic Income Fund's (NIIF) NAV declined by 15.87%. This is due to providing for a non-performing Sukuk of Kohat Cement Company Ltd (KCCL). KCCL through a letter and a meeting has informed us that there are severe profitability concerns of the Company. This is due to various factors including the war on terror and the fact that KCCL is located in that area, electricity breakdowns, law and order situation and a sharp fall in cement prices due to the break up of cement cartel. Consequently, KCCL's profitability has been affected and therefore it will not be able to honor the upcoming payments under the rescheduling. KCCL has floated a second restructuring proposal, which if approved by the Sukuk investors, can provide some relief going forward.
Fund Size:	Rs. 245 million	
Type:	Open-end – Shariah Compliant Income Fund	
Dealing:	Daily - Monday to Friday	
Settlement:	2-3 business days	
Load:	Front end: 1.0%	Acknowledging the support required for real economic recovery, SBP has opted for a gradual monetary easing stance with a 50bp cut in policy rate to 12.5%. There has been a notable improvement in 1QFY10 macro economic indicators. Headline inflation has dropped to 8.9% alongside significant improvement in current account balances over the previous year. Going forward, growth in the real economy will be determined by fiscal discipline and trends in inflation.
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	We expect a positive response from the market with regard to liquidity. Fiscal austerity and law and order situation will continue to set the pace of improvement in the general economic health. Timing and magnitude of inflows (non-IMF) should lead SBP monetary policy decision in the next Monetary Policy Statement due end-January, 2010.
Fund Manager:	Irfan Malik, CFA	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 30th November 2009)



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As a result of providing for the Kohat Sukuk, the allocation of Sukuks has been reduced to around 74.6% in the total portfolio as against 81.0% at the end of the previous month.

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