



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

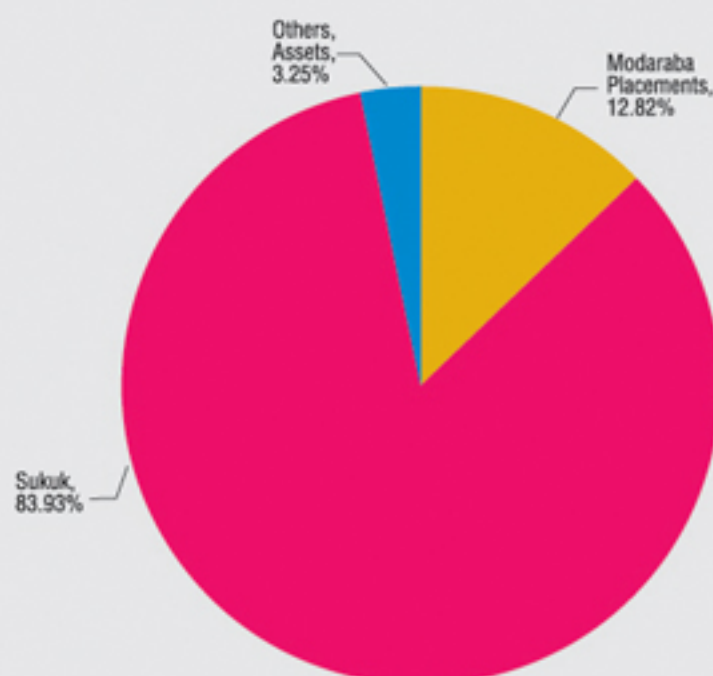
Unit Price (31/10/2008): Rs. 10.1958

October 2008

Investment Objective	Performance					
	Annualized Performance (%)*	Jan - Jun 2008	Jul - Sep 2008	Sep 2008	Oct 2008	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	8.62%	10.62%	10.79%	12.48%	9.27%
	Benchmark (Average 1-month deposit rate of Islamic Banks)	5.31%	5.46%	5.80%	5.84%	5.39%
	Profit on Rs. 100,000 invested	Rs. 4,209	Rs. 2,577	Rs. 845	Rs. 1,004	**Rs. 9,377
	*Returns are net of management fee & all other expenses **Represents cumulative profit since inception					

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007</p> <p>Fund Size: Rs. 667 million</p> <p>Type: Open-end – Fixed Income Fund</p> <p>Dealing: Daily</p> <p>Settlement: 2-3 business days</p> <p>Load: Front end - 1.0%</p> <p>Management Fee: 1.5% per annum</p>	<p>During the month of October 2008, NAFA Islamic Income Fund (NIIF) generated an annualized return of 12.48% compared to 10.80% during the previous month, translating into an improvement of 1.69%. Annualized return of 12.48% offered by NIIF during the outgoing month is 6.64% better than the average 1-month profit rate of 5.84% offered by the Islamic banks.</p> <p>In order to provide comfort to mutual fund investors, the Government of Pakistan has guaranteed the "A" rated and above Sukuks and TFCs for a period of one year. So by investing in NIIF, you are enjoying returns equivalent to a portfolio invested in corporate securities, which is now guaranteed by the Government.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian & Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p> <p>Benchmark: Average 1-month deposit rate of Islamic Banks</p> <p>Fund Manager: Sajjad Anwar, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st October 2008)



The 6-Month KIBOR remained volatile during the month, and closed at 15.10%. Capital market faced severe liquidity crunch during the month, which resulted in record high overnight lending and repo rates. However, liquidity conditions improved considerably following the decrease in CRR and adjustment in the SLR by the State Bank of Pakistan.

With the resetting of some of the sukuk portfolio during the month, weighted average annualized yield of the sukuk portfolio has increased to 15.71%. Our entire long-term mudaraba placements have matured at the end of the month. These funds are now placed at substantially higher profit rates.

Going forward, we expect the profit rate on the Fund to improve further due to increasing profit on the mudaraba placements and further resetting of sukuk portfolio at the prevailing KIBOR.

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