

National Fullerton  
Asset Management Limited

# NAFA Islamic Income Fund (NIIF)

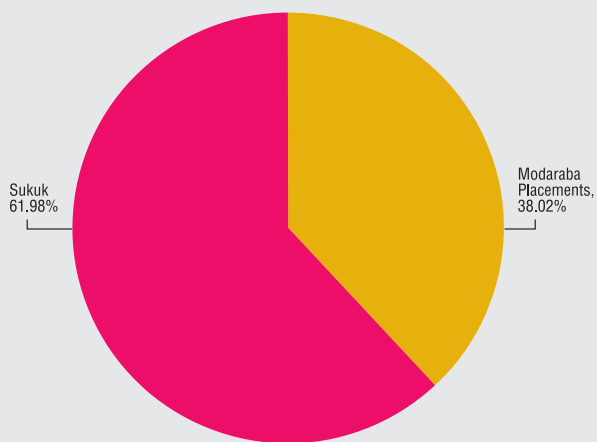
Unit Price (30/09/2008): Rs. 10.3533

September 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.	<b>Annualized Performance (%)*</b>	<b>Jan - Jun 2008</b>	<b>Jul - Sep 2008</b>	<b>Sep 2008</b>	<b>Since Launch</b> October 29, 2007
	<b>NAFA Islamic Income Fund</b>	<b>8.62%</b>	<b>10.62%</b>	<b>10.79%</b>	<b>8.98%</b>
	<b>Benchmark</b> (Average 1-month deposit rate of Islamic Banks)	5.31%	5.46%	5.80%	5.35%
	<b>Profit on Rs. 100,000 invested</b>	Rs. 4,209	Rs. 2,577	Rs. 845	**Rs. 8,289
*Returns are net of management fee & all other expenses **Represents cumulative profit since inception					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	NAFA Islamic Income Fund has offered an annualized return of 10.79% during the month of September 2008, as against 10.74% during the previous month.
Fund Size:	Rs. 915 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily	
Settlement:	2-3 business days	The attached chart shows asset class allocation of the Fund. As of September 30, 2008, allocation in sukuk was around 61.98% of the Fund size, relative to 57.63% the previous month. Investment in mudaraba placements is around 38.02% of the Fund size.
Load:	Front end - 1.0%	
Management Fee:	1.5% per annum	The 6-Month KIBOR has increased to 14.52% as compared with 13.76% in August. The reasons behind this increase in KIBOR are (i) decrease in liquidity available with commercial banks; and (ii) outflow of Foreign Exchange.
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	Coupon rates on sukuk are linked to KIBOR, which are reset on a semi-annual or a quarterly basis. The return on the sukuk portfolio increased to around 15.50% during the month as compared to 14.72% a month earlier. We expect the coupons to further increase in the coming months as KIBOR is expected to maintain its rising trend, which will help to enhance the return of the Fund.
Fund Manager:	Sajjad Anwar, CFA	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 30th September 2008)



Coupon rates on sukuk are linked to KIBOR, which are reset on a semi-annual or a quarterly basis. The return on the sukuk portfolio increased to around 15.50% during the month as compared to 14.72% a month earlier. We expect the coupons to further increase in the coming months as KIBOR is expected to maintain its rising trend, which will help to enhance the return of the Fund.

Going forward, we expect the continuation of improvement in the performance of our Fund due to: (i) reset of our remaining sukuk portfolio at higher rates; (ii) better profit rates on the mudaraba placements.

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