



National Fullerton
Asset Management Limited

NAFA Islamic Income Fund (NIIF)

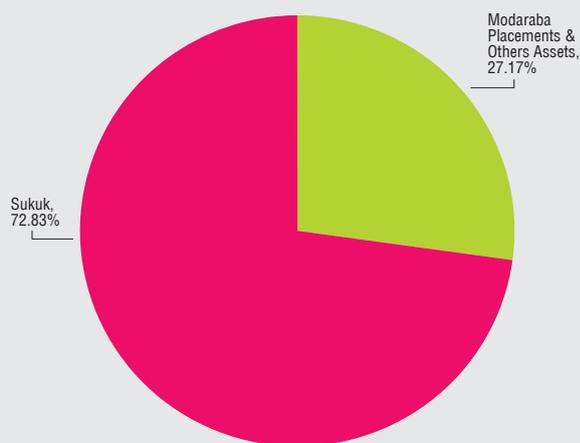
Unit Price (30/09/2009): Rs. 8.4446

September 2009

Investment Objective	Performance					
	Performance (%)	Oct - Dec 2007*	Jan - Dec 2008*	Jan - Sep 2009**	Sep 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	7.67%	(7.88)%	(2.90)%	(10.95)%	(9.41)%
	Benchmark	5.31%	5.57%	5.46%	0.55%	12.37%
	* Represents Annualized Return ** Represents Cumulative Return (Returns are net of management fee & all other expenses)					

General Information		Fund Manager's Commentary
Launch Date:	October 29, 2007	<p>During the month of September, 2009, NAFA Islamic Income Fund's (NIIF) NAV declined by 10.95%. This is due to fully providing a non-performing Sukuk, New Allied Electronics (NAEL) Sukuk I in the books. NAEL was in the consumer electronics sector selling the famous brand of LG. NAEL's financial position deteriorated at the end of last year with the economic downturn. Restructuring of the Sukuk has not yet materialized. Therefore, due to the delay in its restructuring we had to provide for it. However, we expect that the Sukuk will be restructured in the coming months resulting in reversal of all or part of the provisioning that we have provided at this time. The Management has decided that in the future the Fund will only invest in 'AA-' and above rated Sukuks to reduce the risk of default. This Sukuk of NAEL had a credit rating of 'A-' at the time of investment and the company had a sound financial history.</p> <p>On the economic front, the Current Account witnessed a positive balance in the month of August. This bodes well for the future as its break down depicts that imports were curtailed. Other important factor was a record figure of expatriates' remittances (USD 780 mn). US Senate also passed the Kerry-Lugar Bill sanctioning USD 1.5 bn each year for Pakistan through 2014. Equity foreign portfolio investment was also a positive figure during August and September, suggesting renewed confidence in Pakistan's capital markets. Better economic growth rate projections for FY 2010 as compared to the observed growth rate of 2% for FY 2009, is also a contributing factor in investor's confidence.</p> <p>The issuance of Rs. 85 bn TFC by PEPCO to resolve the circular debt, Government's fiscal and monetary management discipline under the IMF program and expected foreign inflows from abroad can likely expedite the ongoing economic recovery, going forward.</p> <p>We expect the performance of the Fund to improve in the coming months.</p>
Fund Size:	Rs. 349 million	
Type:	Open-end – Shariah Compliant Income Fund	
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	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	Average 1-month deposit rate of Islamic Banks	
Min. Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 30th September 2009)



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