



National Fullerton
Asset Management Limited

NAFA Cash Fund (NCF)

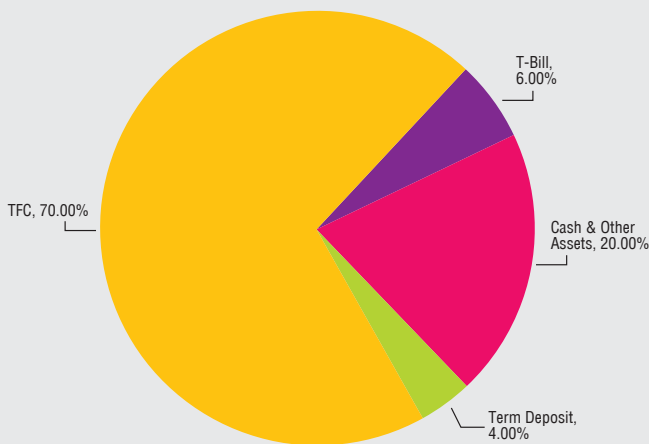
Unit Price (31/08/2009): Rs. 10.0539

August 2009

Investment Objective	Performance						
To seek preservation of capital and earn a reasonable rate of return via investing in money market and debt securities with investment-grade rating, CFS and spread transactions.	Performance (%)*	Apr - Dec 2006	Jan - Dec 2007	Jan - Dec 2008	Jan - Aug 2009	Aug 2009	Since Launch April 22, 2006
	NAFA Cash Fund	10.65%	10.28%	2.92%	14.03%	6.08%	8.83%
	Benchmark	9.87%	10.07%	12.95%	13.69%	13.31%	11.59%
* Represents Annualized Return (Returns are net of management fee & all other expenses)							

General Information		Fund Manager's Commentary
Launch Date:	April 22, 2006	<p>NAFA Cash Fund earned an annualized return of 6.08% during August, 2009. The return earned during the month is lower than July, 2009. This is because TFCs/ Sukuks traded at slightly lower prices during the month on back of tighter market liquidity. Although the return during the month has been lower than July, the investors have earned an annualized return of 14.03% for the period of January to August, 2009.</p> <p>Rates in the money market remained high during the month due to following reasons; i) low liquidity in the money market; ii) announcement of reverse repo (lending facility) for the Scheduled Banks and Primary Dealers; iii) increase in the MoM inflation by 1.54%; iv) increased burden of external debt servicing; v) no progress on the structural reforms (e.g agriculture tax, increase in tax to GDP ratio, etc); vi) the Government's heavy reliance on foreign loans to finance the twin deficits; vii) Government's inability to attract Foreign Direct Investment; viii) Government's huge budgetary borrowing target and Circular Debt being funded through Commercial Banks.</p> <p>Three month T-Bills were trading at 12.28% at the end of August as against 11.80% a month earlier. Similarly, 6-Months KIBOR closed the month of August at 12.56% as against July closing of 11.99%. This depicts tighter money market liquidity situation. This resulted in slightly lower TFCs/ Sukuks prices in your Fund, during the month.</p> <p>We can witness capital gains on the Term Finance Certificate in the coming months due to improved confidence of the foreign investors in Pakistan as witnessed by increasing trend in Foreign portfolio investment and remittances. We do not expect money market rates to move upwards significantly from here on as foreign inflows are also expected to improve the liquidity in the system. Most of the TFCs/sukuks in the Fund are still trading at substantial discount to their par value. Hence, we expect better return on the Fund in the coming months.</p>
Fund Size:	Rs. 7,646 million	
Type:	Open-end – Fixed Income Fund	
Dealing:	Daily - Monday to Friday	
Settlement:	2-3 business days	
Load:	No entry or exit load	
Management Fee:	1.5% per annum	
Listing:	Lahore Stock Exchange	
Custodian & Trustee:	Central Depository Company (CDC)	
Auditors:	A. F. Ferguson & Co. Chartered Accountants	
Benchmark:	1-Month KIBOR	
Fund Manager:	Rukhsana Narejo, CFA	
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-	

Asset Allocation (as on 31st August 2009)



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

Note: The provisioning policy on Debt instruments as approved by the Board of Directors of NAFA has been posted on our website (www.nafafunds.com) for your information.