

NAFA Income Opportunity Fund (NIOF)



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/08/2016): Rs. 10.8573

August 2016

Performance %

Performance Period	Aug 2016	FYTD 2017	Trailing 12 months Sep 15 - Aug 16	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	Since Launch April 21, 2006 *
NAFA Income Opportunity Fund	5.1%	8.6%	7.3%	7.5%	13.2%	16.6%	10.3%	(0.5%)	8.4%
Benchmark	6.0%	6.0%	6.4%	6.5%	9.0%	9.8%	9.9%	12.4%	10.7%

* Annualized Return Based on Morning Star Methodology
All other returns are Annualized Simple Return

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

General Information

Launch Date: April 21, 2006
Fund Size: Rs. 11,592 million
Type: Open-end – Income Fund
Dealing Days: Daily – Monday to Saturday
Dealing Time: (Mon - Thr) 9:00 A.M to 5:00 P.M
(Friday) 9:00 A.M to 5:30 P.M
(Saturday) 9:00 A.M to 1:00 P.M
Settlement: 2-3 business days
Pricing Mechanism: Forward Pricing
Load: Front end: 1% (Nil on investment above Rs. 16 million), Back end: 0%
Management Fee: 1.30% per annum
Total Expense Ratio: 1.85% p.a.(including 0.26% government levies)
Risk Profile: Low
Fund Stability Rating: "A(f)" by PACRA
Listing: Pakistan Stock Exchange
Custodian & Trustee: Central Depository Company (CDC)
Auditors: Deloitte Yousuf Adil
Chartered Accountants
Benchmark: 6-Month KIBOR
Fund Manager: Muhammad Ali Bhabha, CFA, FRM
Minimum Subscription: Rs. 10,000/-
Asset Manager Rating: AM2++ by PACRA (High Investment Management Standards)

Investment Objective

To seek maximum possible preservation of capital and a reasonable rate of return via investing primarily in money market & debt securities having good credit rating and liquidity.

Fund Manager Commentary

The Fund posted an annualized return of 5.1% in August 2016 as compared to the Benchmark return of 6.0%. During FYTD, the Fund has outperformed its Benchmark by 2.6% by earning an annualized return of 8.6%. This outperformance is net of management fee and all other expenses.

The weighted average Yield to Maturity of the Fund is around 7.4% p.a. and that of the TFC portfolio is 6.4% p.a. The weighted average time to maturity of the Fund is around 0.24 year. The Fund's sector allocation is fairly diversified with exposure to Electricity, Banking and Financial Services sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

We will rebalance the allocation of the fund proactively based on the capital market outlook.

Asset Allocation (% of Total Assets) 31-Aug-16 30-July-16

TFCs / Sukuks	4.4%	4.9%
MTS	9.0%	0.9%
T-Bills	2.2%	0.7%
RFS	6.2%	0.0%
PIBs	2.2%	2.5%
Placements with Banks	17.7%	14.8%
Equity	0.4%	0.5%
Bank Deposits	53.1%	70.4%
Others including receivables	4.8%	5.3%
Total	100.0%	100.0%
Leverage	Nil	Nil

Top TFC/Sukuk Holdings (as at Aug 31, 2016)

Name of TFCs / Sukuks	% of Total Assets
K Electric Azm Sukuk	1.8%
Bank Alfalah Limited V	1.3%
Jahangir Siddiqui and Company Ltd.(Pre IPO) 16-MAY:16 16-MAY:21	0.8%
Jahangir Siddiqui and Company Ltd. 08-APR-14	0.5%
Total	4.4%

WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs. 31,128,042/-. If the same were not made the NAV per unit/last one year return of scheme would be higher by Rs. 0.0292/0.29%. For details investors are advised to read note 06 of the Financial Statements of the Scheme for the period ended March 31, 2016. From July 01, 2015 Workers Welfare Fund (WWF) is not being charged.

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Muhammad Ali Bhabha, CFA, FRM
Syed Suleman Akhtar, CFA

Notes: 1) The calculation of performance does not include cost of front end load.
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

Details of Non-Compliant Investments

Particulars	Type of Investment	Value of Investments Before Provision	Provision held	Value of Investments after Provision	% of Net Assets	% of Gross Assets
BRR Guardian Modaraba - Sukuk Revised 07-01-08:07-APR-15	SUKUK	19,062,500	19,062,500	-	-	-
Saudi Pak Leasing	TFC	41,321,115	41,321,115	-	-	-
World Call Telecom Limited	TFC	88,455,825	88,455,825	-	-	-
Eden Housing (Sukuk II)	SUKUK	9,056,250	9,056,250	-	-	-
AgriTech Limited I	TFC	149,860,200	149,860,200	-	-	-
AgriTech Limited V	TFC	32,320,000	32,320,000	-	-	-
Azzard Nine Limited III	TFC	108,376,850	108,376,850	-	-	-
Azzard Nine Limited V	TFC	82,180,000	82,180,000	-	-	-
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	-	-
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	-	-
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	-	-
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	-	-
Azzard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	-	-
AgriTech Limited Shares	Equity	141,403,150	87,669,953	53,733,197	0.5%	0.4%
Total		1,047,724,214	993,991,017	53,733,197	0.5%	0.4%

Credit Quality of the Portfolio as of Aug 31, 2016 (% of Total Assets)

PIBs (AAA rated)	2.2%
T-Bills (AAA rated)	2.2%
AAA	12.6%
AA+	11.9%
AA	5.8%
AA-	1.4%
A+	28.6%
A-	14.9%
RFS (Un-rated)	6.2%
MTS (Un-rated)	9.0%
Equity (Un-rated)	0.4%
NR & Other including receivables	4.8%
Total	100.0%

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