

## Performance

Performance % *	December 2010	FYTD Jul. - Dec. 2010	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	23.92%	6.49%	4.26%	7.89%
Benchmark	13.42%	12.80%	12.58%	11.42%

\* Represent Annualized Return  
(Returns are net of management fee & all other expense)

## General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 3,486 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	No entry or exit load
Management Fee:	1.5% per annum
Risk Profile:	Low
Fund Stability Rating:	"A (i)" by PACRA
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants
Benchmark:	6-Month KIBOR (Benchmark changed with effect from 15-12-2010. Previous Benchmark was 1-Month KIBOR)
Fund Manager:	Usman Khan
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

## Investment Objective

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.

## Fund Manager Commentary

The Fund earned an annualized return of 23.92% during December, 2010. This is better than the benchmark return by 10.50% and the previous month's return by 13.86%. The return is expected to stabilize in double digits during the remainder of FY 2011. The annual Yield to Maturity of your Fund is currently around 18.06% while that of the TFC portfolio is 22.22%. The weighted average maturity of your Fund is 2.39 years.

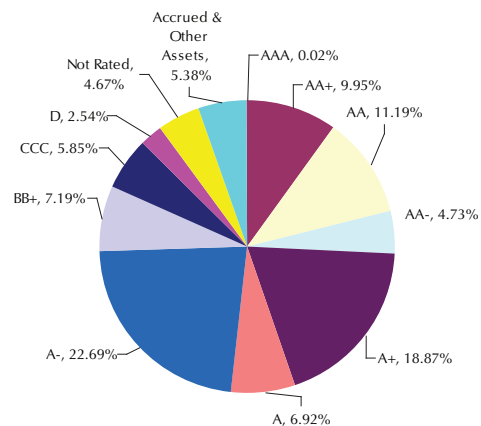
Three non-performing TFCs have been recently restructured and two more are expected to be restructured during the next few months. Going forward, we expect healthy returns on your Fund with a two to three year investment horizon because most TFCs are trading at a significant discount to their fair values, hence offering attractive yields.

## Details of Non-Compliant Investments

Name of Non Compliant Investment	Type of Investment	Value of Investments before Provision	Provision held	Value of Investments after Provision	% of Net Assets	Yield to Maturity per annum
Agritech Limited	TFC	149,880,000	73,441,200	76,438,800	2.19%	39.00%
Azgard Nine Limited PPTFC	TFC	249,800,000	122,402,000	127,398,000	3.65%	39.34%
Kohat Cement Limited	Sukuk	241,500,000	78,851,440	**162,648,560	4.67%	30.98%
Maple Leaf Cement Sukuk I	Sukuk	399,660,000	149,015,229	**250,644,771	7.19%	28.58%
BRR Guardian Modaraba Sukuk	Sukuk	50,000,000	12,500,000	**37,500,000	1.08%	36.15%
Saudi Pak Leasing	TFC	54,921,900	17,749,278	37,172,622	1.07%	22.70%
Eden Housing Sukuk II	Sukuk	19,998,750	6,220,771	**13,777,979	0.40%	37.68%
<b>Total</b>		<b>1,165,760,650</b>	<b>460,179,918</b>	<b>705,580,732</b>	<b>20.24%</b>	

\*\*\* Book value, performing but below investment grade

## Credit Quality of the Portfolio (% of Net Assets)



## Asset Allocation

	31-Dec-10	30-Nov-10
TFC / Sukuk	72.97%	73.32%
Cash Equivalents	21.66%	22.06%
Other Assets	5.37%	4.62%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## TFC/SUKUK Holdings (as at December 31, 2010)

Name of TFCs / Sukuks	% of Net Assets
Pakistan Mobile Comm (Listed II)	9.77%
Orix Leasing Pakistan (PPTFC)	9.18%
Engro Fertilizer (PPTFC)	7.87%
Maple Leaf Cement (Sukuk)	7.19%
World Call Telecom Limited	5.30%
Kohat Cement Limited (Sukuk)	4.67%
Avari Hotels Limited	4.08%
Pace Pakistan Limited	4.06%
Azgard Nine PPTFC	3.65%
Century Paper & Board (Sukuk)	3.11%
<b>Total</b>	<b>58.88%</b>

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Ahmad Nouman, CFA  
Sajjad Anwar, CFA  
Tanvir Abid, CFA, FRM  
Usman Khan