



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/01/2014): Rs. 10.7123

January 2014

## Performance

Performance %	January 2014 *	FYTD Jul 2013 - Jan 2014*	Trailing 12 Months Feb 13 -Jan 14 *	Since Launch April 22, 2006 **
NAFA Income Opportunity Fund	11.26%	11.69%	13.67%	7.16%
Benchmark	10.14%	9.58%	9.55%	11.37%

\* Annualized Simple Return - \*\* (Annualized Return Based on Morningstar Methodology)  
(Returns are net of management fee & all other expenses)

## General Information

Launch Date: April 22, 2006  
Fund Size: Rs. 2,211 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: 0%, Back end: 0%  
Management Fee: 1.5% per annum  
Risk Profile: Low  
Fund Stability Rating: "BBB+(f)" by PACRA  
Listing: Lahore Stock Exchange  
Custodian & Trustee: Central Depository Company (CDC)  
Auditors: KPMG Taseer Hadi & Co.  
Chartered Accountants  
Benchmark: 6-Month KIBOR  
Fund Manager: Muhammad Imran, CFA, ACCA  
Minimum Subscription: Growth Unit: Rs. 10,000/-  
Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2 by PACRA (Very High Investment Management Standards)

## 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 posted an annualized return of 11.3% during January 2014 as compared to the benchmark return of 10.1%. Outperformance of the Fund during the month is due to 1) profit payment of non performing Telecommunication sector TFC and cement sub sector sukuk. During the last one year the Fund has outperformed its benchmark by 4.1% by earning an annualized return of 13.7%.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 84.14 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 14.34% p.a. and that of the TFC portfolio is 24.16% p.a. The weighted average time to maturity of the Fund is about 1.16 years. The Fund's sector allocation is fairly diversified with exposure to Chemical, Banking, Construction & Material, Travel & Leisure and Financial Services sub-sectors. TFC portfolio of the Fund is predominantly floating rate linked to KIBOR. Therefore, in case of increase in interest rates, the coupon income of the Fund will improve. However, since TFCs prices may go up or down, therefore, only investors with medium-term investment horizon are advised to invest in this Fund.

## Asset Allocation (% of Total Assets)

	31-Jan-14	31-Dec-13
TFCs / Sukuks	26.03%	28.05%
Placement with Banks	-	11.95%
Equity	1.98%	2.04%
Cash Equivalents	51.42%	36.07%
Others including receivables	20.57%	21.89%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
Leverage	Nil	Nil

## 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	Yield to Maturity per annum
BRR Guardian Modaraba***	SUKUK	39,687,500	-	29,765,625	1.35%	1.10%	50.43%
Escort Investment Bank Limited***	TFC	4,995,960	-	3,683,801	0.17%	0.14%	18.00%
Kohat Cement Limited (Sukuk)***	SUKUK	16,946,865	-	12,710,149	0.57%	0.47%	81.56%
Saudi Pak Leasing***	TFC	42,522,165	-	21,261,083	0.96%	0.79%	64.72%
World Call Telecom Limited	TFC	96,370,722	96,370,722	-	n/a	n/a	n/a
Eden Housing (Sukuk II)	SUKUK	12,075,000	4,209,478	7,865,522	0.36%	0.29%	118.61%
Maple Leaf Cement (Sukuk I)	SUKUK	339,150,000	203,490,000	135,660,000	6.14%	5.03%	42.87%
Pak Elektron Limited (Sukuk)	SUKUK	51,428,571	51,428,571	-	n/a	n/a	n/a
Agriotech Limited I	TFC	149,860,200	149,860,200	-	n/a	n/a	n/a
Agriotech Limited V	TFC	32,320,000	32,320,000	-	n/a	n/a	n/a
Azzard Nine Limited III	TFC	108,376,850	108,376,850	-	n/a	n/a	n/a
Azzard Nine Limited V	TFC	82,180,000	82,180,000	-	n/a	n/a	n/a
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	n/a	n/a	n/a
Gharibwal Cement Limited (PPTFC)	TFC	24,355,500	24,355,500	-	n/a	n/a	n/a
New Allied Electronics (PPTFC)	TFC	31,706,536	31,706,536	-	n/a	n/a	n/a
New Allied Electronics (Sukuk II)	SUKUK	44,148,934	44,148,934	-	n/a	n/a	n/a
PACE Pakistan Limited	TFC	149,820,000	149,820,000	-	n/a	n/a	n/a
Azzard Nine Limited (Non-Voting Ordinary Shares)	Equity	12,854	12,854	-	n/a	n/a	n/a
Agriotech Limited Shares	Equity	141,403,150	88,073,962	53,329,188	2.41%	1.98%	n/a
<b>Total</b>		<b>1,517,360,807</b>	<b>1,216,353,607</b>	<b>264,275,368</b>	<b>11.95%</b>	<b>9.79%</b>	

\*\*\*Said TFCs are performing but classified as Non-Compliant on the basis of required rating. Due to this the difference between the Value of Investment before provision and after provision is mark to market loss instead of provisioning.

## Top 10 TFC/Sukuk Holdings (as at January 31st, 2014)

Name of TFCs / Sukuks	% of Total Assets
Engro Fertilizer Limited (PPTFC)	5.62%
Maple Leaf Cement (Sukuk I)	5.03%
Bank Alfalah Limited V	3.79%
Jahangir Siddiqui and Co Ltd	2.78%
Avari Hotels Limited	2.44%
Allied Bank Limited II	2.44%
BRR Guardian Modaraba	1.10%
Engro Fertilizer Limited	0.96%
Saudi Pak Leasing	0.79%
Kohat Cement Limited (Sukuk)	0.47%
<b>Total</b>	<b>25.42%</b>

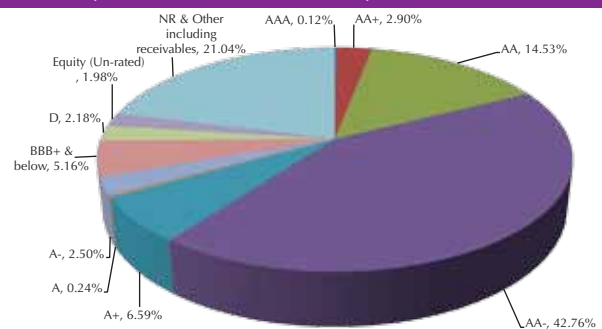
## WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.17,493,855/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0848/0.90%. For details investors are advised to read note 8 of the Financial Statement of the Scheme for the quarter ended September 30, 2013.

## Name of the Members of Investment Committee

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

## Credit Quality of the Portfolio as of January 31st, 2014 (% of Total Assets)



**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.