

Performance

Performance % *	May 2011	FYTD Jul. 2010 - May 2011	Trailing 12 Months	Since Launch April 22, 2006
NAFA Income Opportunity Fund <i>Formerly NAFA Cash Fund</i>	35.58%	11.08%	10.73%	8.60%
Benchmark	13.64%	13.22%	13.15%	11.61%

* Represent Annualized Return - (based on morning star formula)
(Returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses)

General Information

Launch Date:	April 22, 2006
Fund Size:	Rs. 2,687 million
Type:	Open-end – Income Fund
Dealing Days:	Daily – Monday to Saturday
Dealing Time:	(Mon - Fri) 9:00 A.M to 4:30 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:	"A (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:	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 35.58% during May 2011 against the benchmark return of 13.64%, thus an out-performance of 21.94%. The annualized return for first five months of the current CY is 16.94% against the benchmark return of 13.72%, hence an out-performance of 3.22%. The return improvement is due to recovery in the prices of key TFC holdings in the Fund.

The Fund has high allocation in TFCs of around 89.65% of the Fund size. All TFCs in your Fund are floating rate instruments linked to KIBOR. During Jan-May 2011 average 6-Month KIBOR was around 13.72% as against 12.33% for the same period last year, and is expected to remain high going forward. Hence, your Fund is expected to benefit from stable coupon income on these TFCs. Further, the weighted average price of the TFC portfolio is Rs. 84 against the par value of Rs100, which suggests improved returns going forward.

The annualized Yield to Maturity of your Fund is around 21.48% and that of the TFC portfolio is 23.61%. The weighted average time to maturity of your Fund is 2.80 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Textile, Leasing, Real Estate, Banking, Paper & Board and Leisure (Hotel) sub-sectors. However, since there are TFCs in the portfolio and their prices may go up and down, only long-term investors are advised to invest in this Fund.

Asset Allocation (% of NAV) 31-May-11 29-Apr-11

	31-May-11	29-Apr-11
TFC / Sukuk	89.65%	89.09%
Cash Equivalents	2.82%	22.63%
Other Net Assets / (Liabilities)	7.53%	-11.72%
Total	100.00%	100.00%
Leverage	Nil	Nil

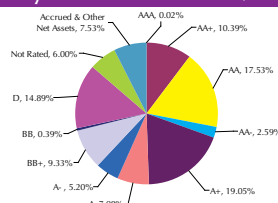
Details of Non-Compliant Investments

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
Agritech Limited	TFC	149,880,000	73,441,200	76,438,800	2.84%	2.41%	43.57%
Azgard Nine Limited PPTFC	TFC	249,800,000	122,402,000	127,398,000	4.74%	4.02%	41.70%
Kohat Cement Limited	Sukuk	241,500,000	80,172,204	**161,327,796	6.00%	5.08%	33.05%
Maple Leaf Cement Sukuk I	Sukuk	399,575,000	148,983,537	**250,591,463	9.33%	7.90%	29.49%
BRR Guardian Modaraba Sukuk	Sukuk	50,000,000	12,500,000	37,500,000	1.40%	1.18%	23.15%
Saudi Pak Leasing	TFC	53,289,900	18,105,403	**35,184,497	1.31%	1.11%	25.95%
Eden Housing Sukuk II	Sukuk	32,775,000	10,008,108	22,766,892	0.85%	0.72%	40.74%
PACE Pakistan Limited	TFC	149,820,000	49,064,402	**100,755,598	3.75%	3.18%	33.21%
Maple Leaf Cement Sukuk II	Sukuk	15,000,000	4,439,115	**10,560,885	0.39%	0.33%	62.68%
Gharibwal Cement Limited PPTFC	TFC	24,355,500	24,355,500	-	-	-	-
New Allied Electronics PPTFC	TFC	31,706,536	31,706,536	-	-	-	-
Dewan Cement Limited	TFC	150,000,000	150,000,000	-	-	-	-
New Allied Electronics Sukuk II	Sukuk	44,148,934	44,148,934	-	-	-	-
Total		1,591,850,870	769,326,939	822,523,931	30.61%	25.93%	

** Book Value, performing but below investment grade

Excess / (Short) exposures				
Particulars	Exposure Type	% of Net Assets	Limit	Excess / (Short)
Pakistan Mobile Communication TFC II	Per Party	13.64%	10%	3.64%
Engro Fertilizer Perpetual I PPTFC	Per Party	10.73%	10%	0.73%
Orix Leasing Pakistan Limited	Per Party	11.20%	10%	1.20%
Cash and Cash Equivalents	Cash Balance	2.82%	25%	(22.18%)

Credit Quality of the Portfolio (% of NAV)



Name of the Members of Investment Committee

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