



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/05/2012): Rs. 9.5864

May 2012

### Performance

| Performance %                | May 2012* | Jul. 2011- May. 2012** | Trailing 12 Months ** | Since Launch May 22, 2006* |
|------------------------------|-----------|------------------------|-----------------------|----------------------------|
| NAFA Income Opportunity Fund | 15.34%    | -1.31%                 | -5.47%                | 6.16%                      |
| Benchmark                    | 12.01%    | 11.36%                 | 12.51%                | 11.75%                     |

\* Represent Annualized Return - (based on morning star formula)  
\*\* Represent Cumulative Return shown due to one time impact  
(Returns are net of management fee & all other expenses)

### General Information

Launch Date: April 22, 2006  
Fund Size: Rs. 1,535 million  
Type: Open-end – Income Fund  
Dealing Days: Daily – Monday to Saturday (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  
Dealing Time:  
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: Hussain Yasar  
Minimum Growth Unit: Rs. 10,000/-  
Subscription: Income Unit: Rs. 100,000/-  
Asset Manager Rating: AM2- 'Positive Outlook' 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 15.34% during May 2012. Some of the non-performing TFCs are at advance stage of restructuring and recoveries are possible in due course of time.

The Fund has high allocation in TFCs of around 61.76% of the Fund size. All TFCs in the Fund are floating rate instruments linked to KIBOR. Weighted average price of the TFC portfolio is Rs. 83.81 against the par value of Rs. 100. Developments on restructuring of some of the TFCs are at advanced stage.

The weighted average Yield to Maturity of the Fund is around 19.57% p.a. and that of the TFC portfolio is 22.44% p.a. The weighted average time to maturity of the Fund is 1.77 years. The Fund's sector allocation is fairly diversified with exposure to Telecom, Fertilizer, Cement, Financial Services, Banking, and Leisure (Hotel) sub-sectors. However, since TFCs prices may go up and down, therefore, only long-term investors are advised to invest in this Fund.

### Details of Non-Compliant Investments

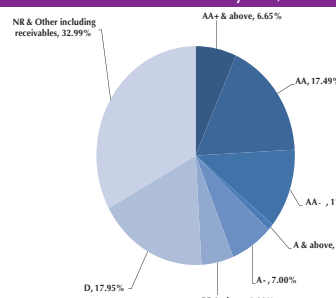
| Particulars                       | Type of Investment | Value of Investments before Provision | Provision held       | Value of Investments after Provision | % of Net Assets | % of Gross Assets | Yield to Maturity per annum |
|-----------------------------------|--------------------|---------------------------------------|----------------------|--------------------------------------|-----------------|-------------------|-----------------------------|
| BRR Guardian Modaraba***          | SUKUK              | 48,437,500                            | 12,109,375           | 36,328,125                           | 2.37%           | 1.80%             | 25.69%                      |
| Escort Investment Bank Limited*** | TFC                | 12,489,900                            | 3,280,397            | 9,209,503                            | 0.60%           | 0.46%             | 18.00%                      |
| Kohat Cement Limited (Sukuk)***   | SUKUK              | 108,500,000                           | 28,095,749           | 80,404,251                           | 5.24%           | 3.98%             | 27.58%                      |
| World Call Telecom Limited***     | TFC                | 128,494,292                           | 32,123,573           | 96,370,719                           | 6.28%           | 4.77%             | 23.59%                      |
| Eden Housing (Sukuk II)           | SUKUK              | 26,737,500                            | 9,320,987            | 17,416,513                           | 1.13%           | 0.86%             | 52.42%                      |
| Maple Leaf Cement (Sukuk I)       | SUKUK              | 399,235,000                           | 162,363,684          | 236,871,316                          | 15.43%          | 11.72%            | 36.62%                      |
| Pak Elektron Limited (Sukuk)      | SUKUK              | 51,428,571                            | 13,142,880           | 38,285,691                           | 2.49%           | 1.89%             | 19.73%                      |
| Saudi Pak Leasing                 | TFC                | 51,529,950                            | 17,507,455           | 34,022,495                           | 2.22%           | 1.68%             | 20.44%                      |
| Agritech Limited I                | TFC                | 149,860,200                           | 149,860,200          | -                                    | -               | -                 | -                           |
| Agritech Limited V                | TFC                | 32,320,000                            | 32,320,000           | -                                    | -               | -                 | -                           |
| Azgard Nine Limited (PPTFC)       | TFC                | 249,800,000                           | 249,800,000          | -                                    | -               | -                 | -                           |
| Dewan Cement Limited              | TFC                | 150,000,000                           | 150,000,000          | -                                    | -               | -                 | -                           |
| Gharibwal Cement Limited (PPTFC)  | TFC                | 24,355,500                            | 24,355,500           | -                                    | -               | -                 | -                           |
| Maple Leaf Cement (Sukuk II)      | SUKUK              | 15,000,000                            | 15,000,000           | -                                    | -               | -                 | -                           |
| 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          | -                                    | -               | -                 | -                           |
| <b>Total</b>                      |                    | <b>1,673,863,883</b>                  | <b>1,124,955,270</b> | <b>548,908,613</b>                   | <b>35.76%</b>   | <b>27.16%</b>     |                             |

\*\*\*Book Value, performing but below authorized minimum credit rating grade

### Excess / (Short) exposures

| Particulars                               | Exposure Type | % of Net Assets | Limit  | Excess / (Shortfall) |
|---|---------------|-----------------|--------|----------------------|
| Engro Fertilizer Limited (PPTFC)          | Per Party     | 10.77%          | 10.00% | 0.77%                |
| Maple Leaf Cement (Sukuk I)               | Per Party     | 15.43%          | 10.00% | 5.43%                |
| Pakistan Mobile Communication (Listed II) | Per Party     | 10.92%          | 10.00% | 0.92%                |
| Cash and Cash Equivalents                 | Cash Balance  | 12.15%          | 25.00% | (12.85)%             |

### Credit Quality of the Portfolio as of May 31, 2012 (% of Total Assets)



### Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Ahmad Nouman, CFA  
Tanvir Abid, CFA, FRM  
Hussain Yasar

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