



MONTHLY REPORT (MUFAP's Recommended Format)
Unit Price (31/05/2014): Rs. 10.8885

May 2014

Performance

Performance %	May 2014*	FYTD Jul 2013 - May 2014*	Trailing 12 Months Jun 2013 - May 2014*	Since Launch April 22, 2006 **
NAFA Income Opportunity Fund	3.59%	13.88%	15.08%	7.56%
Benchmark	10.17%	9.79%	9.75%	11.32%

* 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. 4,026 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% to 1% (Nil on investment above Rs. 16 million), Back end: 0%
1.5% per annum
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 3.6% in May 2014 as compared to the benchmark return of 10.2%. Subdued performance of the Fund during the month is due to mark to market impact of PIBs. During the last one year the Fund has outperformed its benchmark by 5.3% by earning an annualized return of 15.1%.

Weighted average price of the TFC portfolio (excluding TFCs which are fully provided) is Rs. 91.91 against the par value of Rs. 100. The weighted average Yield to Maturity of the Fund is around 12.05% p.a. and that of the TFC portfolio is 17.80% p.a. The weighted average time to maturity of the Fund is about 1.67 years. The Fund's sector allocation is fairly diversified with exposure to Chemical, Electricity Banking, Construction & Material, Travel & Leisure and Financial Services sub-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.

Asset Allocation (% of Total Assets) 31-May-14 30-Apr-14

	31-May-14	30-Apr-14
TFCs / Sukuks	22.76%	23.71%
Commercial Paper	1.03%	-
T-Bills	-	6.11%
PIBs	33.57%	31.45%
Equity	0.98%	1.12%
Cash Equivalents	27.69%	22.51%
Others including receivables	13.97%	15.10%
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
BRR Guardian Modaraba***	SUKUK	36,562,500	-	27,330,469	0.68%	0.60%	54.00%
Escort Investment Bank Limited***	TFC	2,497,980	-	1,841,901	0.05%	0.04%	18.00%
Kohat Cement Limited (Sukuk)***	SUKUK	2,890,530	-	2,167,898	0.05%	0.05%	0.84%
Saudi Pak Leasing	TFC	41,321,115	41,321,115	-	n/a	n/a	n/a
World Call Telecom Limited	TFC	96,370,722	96,370,722	-	n/a	n/a	n/a
Eden Housing (Sukuk II)	SUKUK	9,056,250	3,157,108	5,899,142	0.15%	0.13%	155.76%
Maple Leaf Cement (Sukuk I)	SUKUK	329,150,000	197,490,000	131,660,000	3.27%	2.91%	38.07%
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
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	96,962,160	44,440,990	1.10%	0.98%	n/a
Total		1,459,106,192	1,235,155,050	213,340,398	5.30%	4.71%	

***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 May 31, 2014)

Name of TFCs / Sukuks	% of Total Assets
Engro Fertilizer Limited (PPTFC)	5.75%
K Electric Azm Sukuk	4.92%
Maple Leaf Cement (Sukuk I)	2.91%
Bank Alfalah Limited V	2.25%
Jahangir Siddiqui and Company Ltd. 08-APR-14	1.66%
Allied Bank Limited II	1.44%
Jahangir Siddiqui and Company Ltd. 30-OCT-12	1.26%
Avari Hotels Limited	1.12%
BRR Guardian Modaraba	0.60%
Engro Fertilizer Limited	0.57%
Total	22.48%

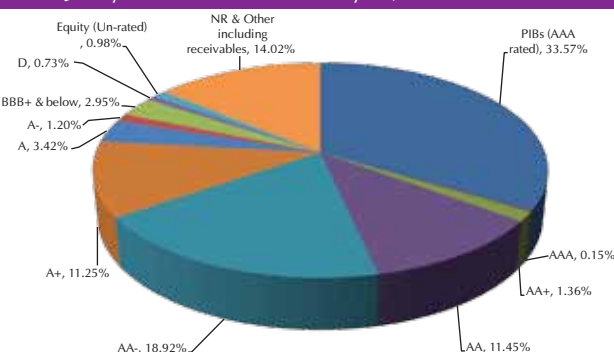
WORKERS' WELFARE FUND (WWF)

The scheme has maintained provisions against Workers' Welfare Fund's liability to the tune of Rs.20,380,747/-. If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs. 0.0551/0.58%. For details investors are advised to read note 6 of the Financial Statements of the Scheme for the period ended March 31, 2014.

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 May 31, 2014 (% of Total Assets)



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