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Fund Managers Report December 2011



NATIONAL ASSET MANAGEMENT
COMPANY LIMITED

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During the month of December 2011, markets remained subdued while political events kept the investors with concerns. Issue of Memo Gates kept the headlines while massive gas shortage throughout the country and Pak Rupee depreciation against US dollar also creep the negative sentiments in the capital market. The month also witnessed the growing tension in Pak-US relations as US Senate proposed the bill to freeze military aid of USD 700 million to Pakistan in regards to unsatisfactory steps taken for regulating the material used in IEDs.

On Economic front, Inflationary pressure maintained cooling down spell of last three months as SPI during the last fortnight of the month stood at 4.51% compared to 5.71% a month earlier. SBP also maintained the benchmark discount rate to 12% in their monetary policy review held on November 30, 2011.

On Fiscal side, the country's top tax office applauded a landmark revenue collection growth of 27.05% in the first half of the current fiscal year over the corresponding period last year. According to provisional figures released by the Federal Board of Revenue, the revenue collection reached Rs840.7 billion in July-Dec this year compared to Rs 661.7 billion in the corresponding period last year. While the FBR also claimed to have collected Rs 201.7 billion in December against the target of Rs 208 billion.

On Balance of Payment side, Current Account during Jul-Nov 2011 showed the deficit of USD 2,104 million compared to the deficit of USD 589 million during same period last year. Forex Reserves showed the increase of 1.0% to USD 16.769 billion (23-Dec-11) compared to USD 16.728 billion a month earlier, however the reserves remained in huge pressure as Rupee ended the month to close at Rs. 90.06 against USD from Rs. 88.65 at the start of the month.

Money Market Updates

The money market somehow remained better during the month with overnight repo rates hovering at 9.06% compared to 11.52% a month earlier. This was because the market participants preferred to participate in short term maturity Govt. securities due to uncertainty related to the direction of Discount Rate.

In the recent Treasury Bill auction held on December 28, 2011, the cut-off yields of 3M and 12M tenure bills rose by 18bps (+11.83%) and 10bps (+11.90%) respectively. The SBP duly rejected all the bids of 6M tenures while in the follow-up of that auction result, secondary market yields traded above the 12% benchmark rate.

On the corporate debt sphere, market volumes reported by MUFAP remained thin during the month. Total traded value reported by MUFAP for December was Rs 869.96 million, as against a value of Rs. 757 million in November. Banking and Fertilizer sectors bonds accounted for 61% and 31% of the total traded value respectively.



NAMCO INCOME FUND

During the month of Dec, 2011, annualized monthly return of NIF stood at 10.45%. However on year-to-date and since-inception basis, the Fund earned the return of 22.37% and 12.06% respectively.

The benchmark 1-Month KIBOR stood at average of 12.10%, showing an increase of 7bps compared to previous month average.

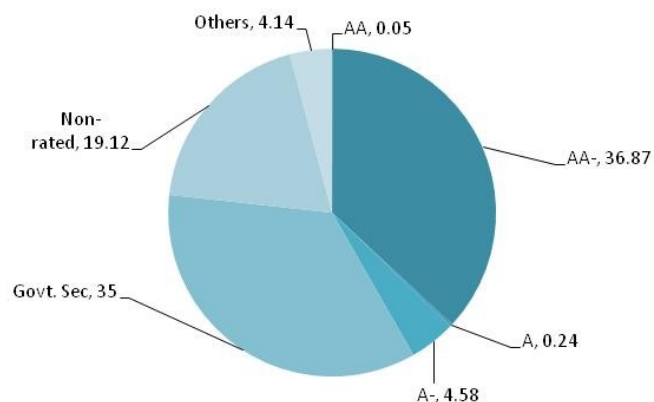
GENERAL INFORMATION

Fund Type	Open-end
Fund Category	Income Scheme
Launch Date	July 11,2008
Benchmark	1month KIBOR
Fund Rating	"A(f)" JCR-VIS
Net Assets	Rs. 82.245 million. (as on Dec 30, 2011)
Net Assets Value per Unit	Rs. 110.6537 (as on Dec 30, 2011)
Pricing Mechanism	Forward Pricing
Management Fee	1.25% p.a
Front-end-Load	Nil
Back-end-Load	1.00%
Trustee	MCB Financial Services Ltd.
Registrar	Technology Trade (Pvt.) Ltd
Auditors External	KPMG Taseer Hadi & Co
Fund Manager	Mr. Muhammad Arshad
Min. Subscription Amount	Rs 5,000/= subsequently Rs1000/= per transaction
Dealing Days	Monday - Friday
Cut-off Timings	9:00 a.m. to 3:00 p.m.
AMC Ratings	"AM3-" JCR-VIS
Leverage	Nil
Risk Profile	As per Offering Document
Weighted Average Time To Maturity of Net Assets	27 Days

INVESTMENT COMMITTEE

Mr. Faisal Merchant – C.I.O
 Mr. Muhammad Faraz – C.F.O
 Mr. Muhammad Arshad – Fund Manager

ASSET / CREDIT QUALITY OF PORTFOLIO (percentage)



FUND'S PERFORMANCE

	(Annualized Yield)
Year to date	22.37%
Monthly	10.45%
Since Inception	12.06%

Returns are net of management fee & all other expenses

ASSET ALLOCATION

	Cash	TDR/COI	TFC/ Sukuks	T-Bills	Others
Dec – 11	41.74%	-	19.12%	35.00%	4.14%
Nov – 11	47.01%	-	17.35%	31.74%	3.89%

TOP TEN TFCs / SUKUKs

B.R.R. Guardian Modaraba 19.46% of Net Assets Value

DETAILS OF NON-COMPLIANT INVESTMENTS

Name of non-compliant invest-	Type of Invest-	Value of Investment before provision (Rs.	Provision (Rs. in mn.)
Three Star Hosiery	Sukuk	15.00	15.00
B.R.R. Guardian Modaraba	Sukuk	19.06	5.00

* Compliant when invested

PREVIOUS SIX MONTH RECCURING RETURN

	Jul	Aug	Sept	Oct	Nov	Dec
Return	65.43%	9.96%	10.55%	22.31%	10.13%	9.98%
Yield	89.25%	10.43%	11.07%	24.74%	10.61%	10.45%
Benchmark	13.69%	13.43%	13.52%	12.40%	12.02%	12.10%

“Our aim is to serve our valued clients in realizing their investment objectives through offering efficient, transparent and reliable range of investment management alternatives and to maximize their satisfaction by combining pragmatic application of risk management techniques, state of the art technology and dedicated team of professionals committed to achieve excellence.

NATIONAL ASSET MANAGEMENT COMPANY LIMITED

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