



NAMCO INCOME FUND

Managed by

National Asset Management Company Limited

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Fund Manager's Report for the month of August, 2009

INVESTMENT OBJECTIVE:

To provide stable stream of income with moderate level of risk by investing in fixed income securities.

INVESTMENT STRATEGY:

NAMCO Income Fund will primarily invest in a mix of short, medium and long term debt and fixed income securities in order to optimize the risk-return profile of the overall portfolio.

FUND MANAGER'S REVIEW

During the month, average 1-Month KIBOR decreased and the market was liquid enough to ease the pressure of short term liquidity. 1-Month KIBOR averaged at 12.50% and closed the month at 12.66%. 6-months KIBOR increased from 11.99% on July 31, 2009 to 12.56% on August 31, 2009

Macro-economic stabilization efforts have seen improvement in key indicators and allowed SBP to continue on the path of monetary easing. Declining inflation, rising Forex reserve, restricted government borrowing and improvement in the twin deficits are the key variables that paved the way for discount rate reduction by 100bps to 13%.

We expect SBP to continue on the path of monetary easing, and to slash discount rate further by 1HCY10. Furthermore, SBP also announced to introduce interest rate corridor for overnight market, constitute an independent monetary policy committee and increase the frequency of monetary policy reviews from 4 to 6 times a year.

One of the major economic events for September is the monetary policy statement expected to be announced near the end of the month, which can act as a key driver. However, there is uncertainty regarding the action to be taken by the central bank in light of the recent report by the IMF advocating no further cuts in the policy rate until core inflation declines significantly. The probability of this happening is likely to be low during the month of Ramadan.

During the month, NAMCO Income Fund (NIF) generated a return of 10.27%, while the year to-date return worked out to 14.24%. The Fund is relatively liquid maintaining its focus on high yielding assets with superior credit quality. We shall continue to focus on providing the best returns in the market within our risk management parameters, without compromising on credit quality.

GENERAL INFORMATION

Fund Type	: Open End Income Fund
Currency	: Pak Rupee (PKR)
Date Of Inception	: July 11, 2008
NAV	: Rs. 100.7032
Fund Size	: 295.79 Million.
Trustee	: First Dawood Investment Bank Ltd.
Registrar	: Technology Trade (Pvt.) Ltd.
Auditors	: A.F. Ferguson & Co
Fund Manager	: Faisal Merchant
Management Fee	: 1.25% of NAV per annum
Back-End Load	: 1.00%
Minimum Investment Amount	: Rs.5,000
Listing	: Karachi Stock Exchange
Benchmark	: 1 Month KIBOR

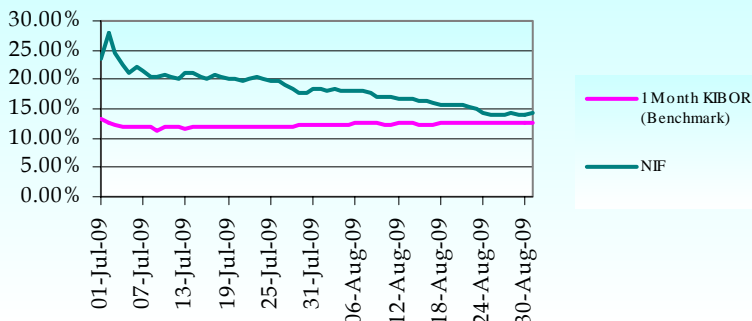
FUND'S PERFORMANCE

Monthly Overview for AUGUST, 2009		Returns %* NAMCO Income Fund
Annualized Returns	Monthly Return	9.82%
	Year to-date	13.47%
	Since Inception	14.01%
Morning Star**	Monthly Return	10.27%
	Year to-date	14.24%
	Since Inception	14.13%

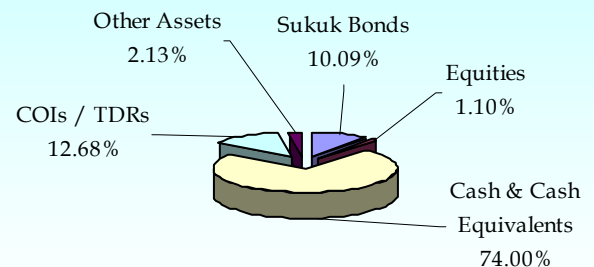
* Returns are net of management fee & all other expenses

** The formula calculates the compounded annualized returns

NIF Comparison with Benchmark



ASSET ALLOCATION AS AT AUGUST, 2009



All Investments in Mutual Funds and Securities are subject to market risk. Therefore, the NAV based prices of units cannot be guaranteed. Price of unit and any dividends and returns there on may go up or down on market conditions & past performance of the funds is not necessarily indicative of future results. Investors are advised to read the relevant sections of the Trust Deed and Offering Document for further understanding of the investor policies and risk involved.