



NAMCO INCOME FUND

Managed by

National Asset Management Company Limited

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Fund Manager's Report for the month of August, 2008

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 duration debt and fixed income securities to be able to optimize the risk-return profile of the overall portfolio.

FUND MANAGER'S COMMENTARY:

During the month of August, NAMCO Income Fund showed an improvement in its return on the back of increased exposure in the money market instruments along with investment in CFS MK II, specifically during the later parts of the month, when higher rates in CFS MK II were witnessed. On the other hand, KIBOR rates have witnessed a fall after the intervention of the central bank. However, since then during the period under review KIBOR rates have maintained an upward trend.

Going forward, we expect inflation to continue unabated due to unrelenting supply side constraints whereas international commodity prices have somewhat lost their steam. As with rising inflation and amid burgeoning twin deficits, further monetary tightening from SBP is inevitable. Consequently, liquidity pressure is likely to intensify in near future. In addition, SBP has recently announced PIB auction on Aug, 29, 08 and the cut off yield for 10 year bond reached 14.55% (up by 105bps from last auction). However, participation remained weak, as targeted amount has not been achieved.

Presently, your fund is adopting a prudent strategy by investing in short term instruments. Nevertheless, sentiments in fixed income market is likely to improve as domestic inflation normalizes. In addition, your fund is likely to increase its exposure in RBFS with the anticipation of improvement in equity market as the political uncertainty settles down.

GENERAL INFORMATION

Fund type	: Open end Income Fund
Currency	: Pak Rupee (PKR)
Fund Size	: 366.395 million
Trustee	: First Dawood Investment Bank Ltd.
Registrar	: Technology Trade (Pvt.) Ltd.
Auditors	: A.F. Ferguson & Co
Fund Manager	: Shoukatullah
Management Fee	: 1.25% of NAV per annum
Entry/Exit Load	: Nil
Minimum investment Amount	: Rs.5, 000
Listing:	Karachi Stock Exchange

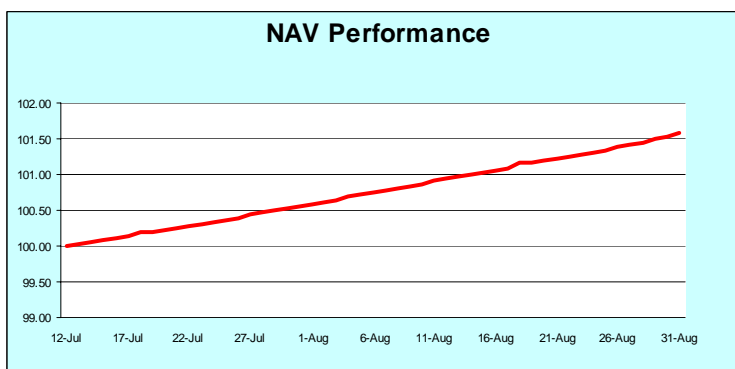
Interest Rates:

KIBOR (1M, 3M, 6M)	13.10%, 13.60%, 13.76%
T-Bills (3M, 6M, 12M)	12.56%, 11.49%, 11.83%
PIB (3Y, 5Y, 7Y, 10Y)	13.69, 10.79%, 14.33%, 14.54%
Discount Rate	13.00%

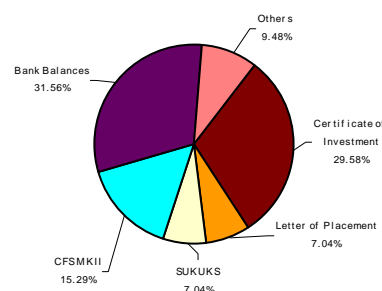
Fund Performance:

	August 31 2008	Annualized return Since Inception %
NAV	101.5754	12.09
Benchmark	1 M. KIBOR	13.10

NAV Performance



Net Asset Allocation



All Investment in Mutual Funds and Securities are subject to market risk. The NAV based price of these units and any dividends and return there on are dependent on forces and factors affecting the Capital markets. These may go up or down on market conditions. Past performance is not necessarily indicative to future results.

Please read the Offering Document to understand the Investment Policies and the risk involved.