



# NAMCO INCOME FUND

Managed by

**National Asset Management Company Limited**

19-C, Sunset Lane 6, South Park Avenue,  
Phase II Ext., D.H.A. Karachi.  
Phone: 5312416-19, 5889762. Fax: 5889916, 5889743  
Web: www.namco.com.pk

## Fund Manager's Report for the month of December, 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 debt and fixed income securities in order to optimize the risk-return profile of the overall portfolio.

### FUND MANAGER'S REVIEW

Average 1-Month KIBOR remained stable during the month as the market remained relatively liquid. 1-Month KIBOR averaged at 14.24% and closed the month at 14.67%. SBP raised PKR 70.3 bn in T-bill auction held on December 31, 2008 against total participation of PKR 79.8 bn out of which 75.5 bn were offered for 3 months T-bills. Cut off rates for 3 months bill increased by 12 bps to 13.975% amidst active participation. Participation in 6 months and 12 months paper (PKR 1.7 bn and PKR 2.6 bn respectively) was much lower due to long-term borrowing concerns.

The highlighting factor was a 1.5 bps decline in cut-off rate for 6months T-bills to 13.996% which possibly indicates SBP's unwillingness towards long-term borrowing. This signals easing of monetary policy in the long run in line with expected alleviation of inflationary pressures by June, 2009.

During the month, NAMCO Income Fund (NIF) generated a return of 17.56% while the return since inception is 10.70% after accounting for the downward revision of debt securities in line with SECP circular dated November 05, 2008. NIF, like all other funds opted for the proposed CFS MK-II square-up scheme. Under the scheme the authorized financiers and some of the government owned financial institutions were to buy 50% each, of the outstanding CFS financed shares at 12.50% discount on December 24, 2008 closing prices.

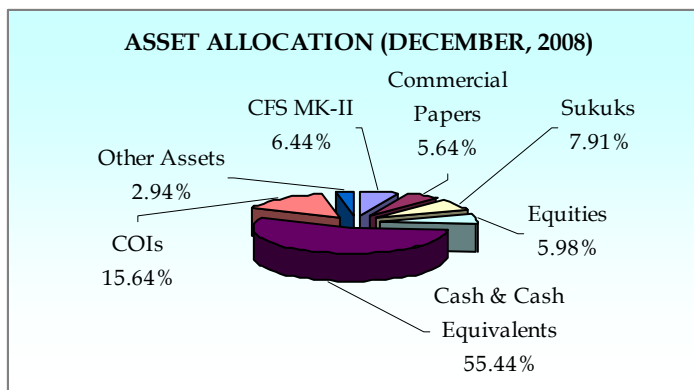
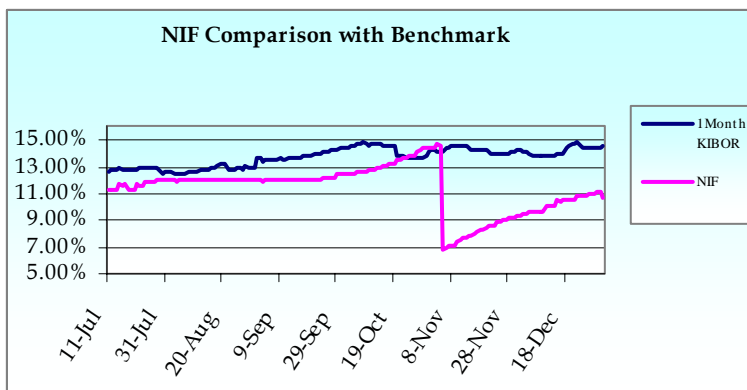
During the month, the investment activities remained focused on short to medium term high yield money market instruments. Our strategy will be to keep our placements mostly in shorter to medium term instruments in order to maintain liquidity and to remain resilient to the fast changing money market scenario.

### GENERAL INFORMATION

Fund Type	: Open End Income Fund
Currency	: Pak Rupee (PKR)
NAV	: Rs. 102.2873
Fund Size	: 268.560 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 December, 2008		Returns %* NAMCO Income Fund
Annualized Returns	Monthly Return	16.30%
	Since Inception	10.42%
Morning Star**	Monthly Return	17.56%
	Since Inception	10.70%
* Returns are net of management fee & all other expenses		
** The formula calculates the compounded annualized returns		



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.

