



NAMCO INCOME FUND

Managed by

National Asset Management Company Limited

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Fund Manager's Report for the month of October, 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.

MARKET REVIEW

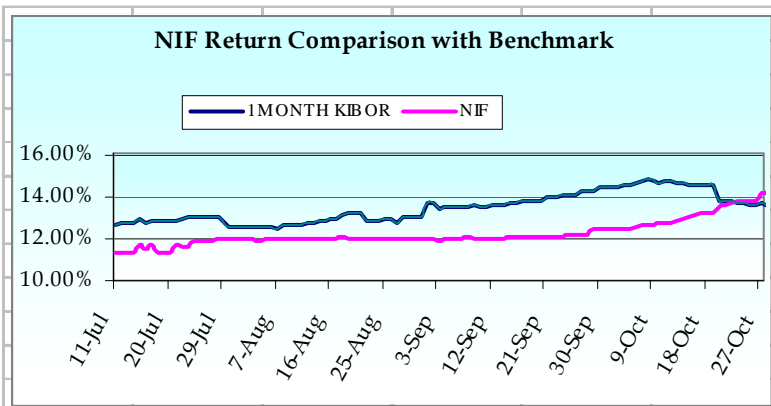
Money market rates witnessed a sharp rise during the month as the market remained extremely illiquid. 1-Month KIBOR averaged at 14.38% compared to 13.80% during the previous month. Overnight inter-bank borrowing rates spiked above 30% as depositors withdrew deposits from financial institutions due to a multitude of reasons, including scarce liquidity, downward revision of credit rating and unfounded rumors about banks' overall financial strength. CFS activity was dull due to lower volumes in the equity market but the average rates went upto 65% (approx) during the month due to inadequate liquidity position. SBP's decision to maintain current monetary policy or further tightening would now be highly dependent on the IMF policy as the government has approached IMF to seek help in meeting the macroeconomic challenges.

FUND MANAGER'S REVIEW

NAMCO Income Fund (NIF) outperformed its peers by giving the highest return MoM (month on month) of 19.21% as compared to industry average return of 12.89%. The YTD (Year to-date) return was 14.16% considerably higher than the industry average of 11.98%. During the month, the investment activities remained focused on short term and high yield money market instruments.

Our strategy will be to keep our placements mostly in shorter duration instruments in order to maintain liquidity and to remain resilient to the fast changing money market scenario. We shall continue to focus on providing the best returns in the market within our risk management parameters, without compromising on credit quality.

Please note all the figures in this report are as of October 27, 2008 as NIF books remained closed from October 28, 2008 to November 03, 2008, for the entitlement of interim bonus dividend @2.65 units for every 100 units of NIF, for the quarter ended September 30, 2008.



GENERAL INFORMATION

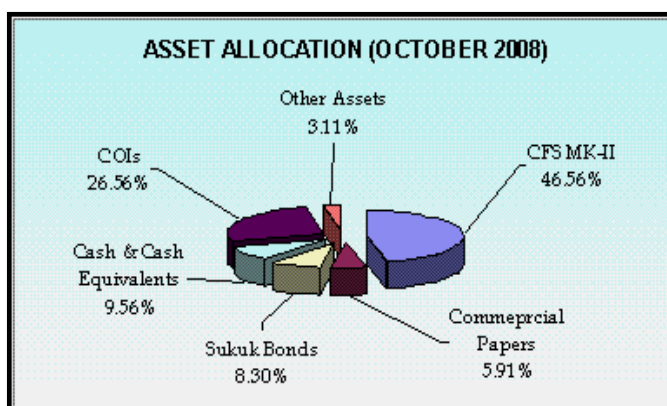
Fund Type	:	Open End Income Fund
Currency	:	Pak Rupee (PKR)
NAV	:	Rs. 103.9962
Fund Size	:	301.256 Million.
Trustee	:	First Dawood Investment Bank Ltd.
Registrar	:	Technology Trade (Pvt.) Ltd.
Auditors	:	A.F. Ferguson & Co
Fund Manager	:	Faisal Merchant
Management Fee	:	1.25% of NAV per annum
Entry/Exit Load	:	Nil
Minimum Investment Amount	:	Rs.5,000
Listing	:	Karachi Stock Exchange
Benchmark	:	1 Month KIBOR

FUND'S PERFORMANCE

Monthly Overview for October 2008		Returns %*
		NAMCO Income Fund
Annualized Returns	Monthly Return	17.69%
	Since Inception	13.51%
Morning Star**	Monthly Return	19.21%
	Since Inception	14.16%

* 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.