



NAMCO INCOME FUND

Managed by

National Asset Management Company Limited

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Fund Manager's Report for the month of July, 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:

This is the first monthly report, as the Initial Public Offering (IPO) of the Fund was held from July 7 to 11, 2008. July 12 and 13, 2008 being Saturday and Sunday, your Fund started operations from July 14, 2008. However, calculation of NAV was started from the very next day of closing of IPO, i.e. July 12, 2008.

During the month of July 2008, the SBP in its 1HFY09 policy review has raised the Discount rate by 100 bps to 13.0%, the third increase in a row since 31 January 2008. We expect little upside pressure on the KIBOR, which has already seen receding trend on the day of monetary policy announcement. With the rate hike, we expect the SBP will not only be able to shed its stock of T-bills but will also continue to keep liquidity in check by mopping up the excess liquidity from the market. This should keep fixed income rates firm. Stable fixed income rates would help lowering the risk of monetary dilution owing to recent excessive government borrowing and keep lending rates higher and hence, aggregate demand under check.

Your Fund manager is adopting a cautious policy by investing in COIs and deposits with DFIs/banks, having good return and ratings. The formalities for undertaking CFS MK-II and Ready /future spreads have been completed and your fund shall soon be active in these segments of the market. A well diversified portfolio of CFS MK-II and Ready / future Spreads along with TFCs having good ratings is on the cards.

GENERAL INFORMATION

Fund type	: Open end Income Fund
Currency	: Pak Rupee (PKR)
Fund Size	: 362.598 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

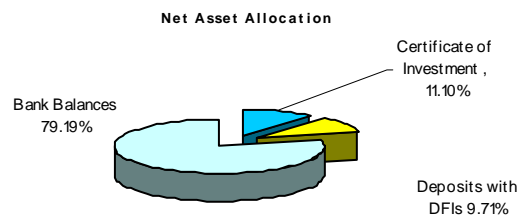
Interest Rates:

Kibor (1M, 3M, 6M)	12.62%, 13.20%, 13.48%
T-Bills (1M, 6M, 12M)	12.19%, 11.49%, 11.83%
PIB (3Y, 5Y, 10Y)	12.30, 10.79%, 13.42%
Discount Rate	13.00%

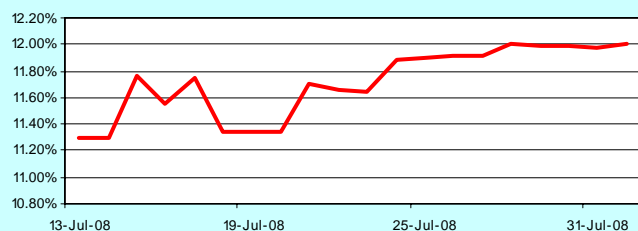
Fund Performance:

	July 31 2008	Annualized return Since Inception %
NAV	100.5906	11.97
Benchmark	01 month Kibor	12.62

Asset Allocation:



NIF Annualised Return



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.