



NAMCO INCOME FUND

Managed by

National Asset Management Company Limited

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Fund Manager's Report for the month of MAY, 2010

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 long term liquidity. 1-Month KIBOR averaged at 12.11% while 6-months KIBOR slightly decreased from 12.33% on April 30, 2010 to 12.23% on May 31, 2010.

Government is likely to increase their revenue target in coming budget and mainly relying on consumption taxes to boost FY11 revenues and eliminating most of the subsidies. Expecting 12% inflation target optimistic. Despite recent decline in commodity prices globally, we expect inflationary pressures to remain strong in upcoming fiscal year due to upward revision in electricity tariffs, expected imposition of Value Added Tax (VAT) and elimination of subsidies (especially gas). Inflationary pressures may force SBP to maintain a tighter monetary policy for a longer run than earlier anticipated.

Further, despite significant compression in current account deficit, overall external account position is not that encouraging due to sizable decline in financial inflows and Government borrowing is still on high note. Thus, SBP may have to keep interest rates at a stable or higher level to maintain a narrower current account deficit.

During the month, NAMCO Income Fund (NIF) generated a return of 3.00%, while the year to-date return worked out to 9.61%. 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

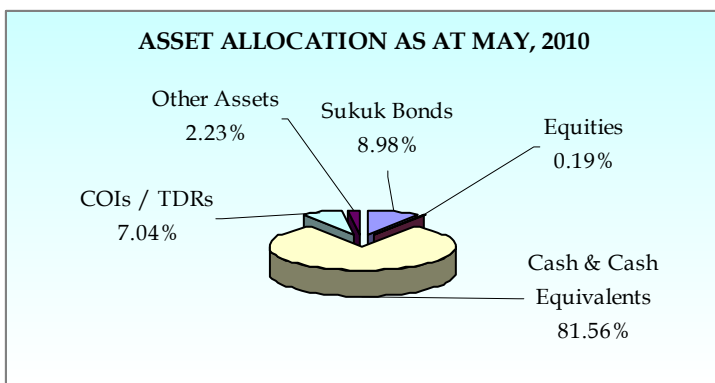
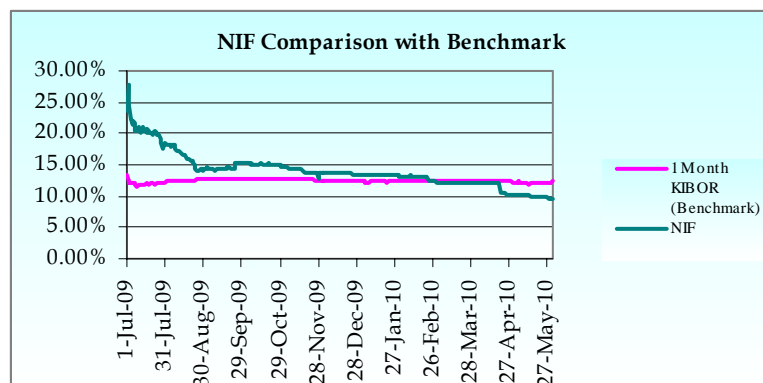
Fund Type	: Open End Income Fund
Currency	: Pak Rupee (PKR)
Date Of Inception	: July 11, 2008
NAV	: Rs. 100.9236
Fund Size	: 284.02 Million.
Trustee	: First Dawood Investment Bank Ltd.
Registrar	: Technology Trade (Pvt.) Ltd.
Auditors	: KPMG Taseer Hadi & Co.
Fund Manager	: Asif Iqbal
Management Fee	: 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 MAY, 2010		Returns %* NAMCO Income Fund
Annualized Returns	Monthly Return	2.96%
	Year to-date	9.58%
	Since Inception	13.16%
Morning Star**	Monthly Return	3.00%
	Year to-date	9.61%
	Since Inception	12.47%

* Returns are net of management fee & all other expenses

** The formula calculates the compounded annualized returns



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.