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|-------------------------|---|
| <b>Fund Information</b> |   |
| Fund Type               | Open End Income Fund                    |
| Inception Date          | 21st October 2006                       |
| Benchmark               | 1 Month KIBOR                           |
| Listing                 | Karachi Stock Exchange Guarantee        |
| Trustee                 | Central Depository Co. of Pakistan Ltd. |
| Registrar               | Trade Technologies Private Limited      |
| Auditor                 | AF. Ferguson & Company                  |
| Fund Rating             | In Progress                             |
| AMC - Rating            | AM 3+ by JCR-VIS                        |
| Minimum Investment      | Rs. 5,000/-                             |
| Par Value Per Unit      | Rs.. 50/-                               |
| Sale Load (Front End)   | 1.50% on time                           |
| Management Fee          | 1.5% upto 3% annually                   |
| Fund Manager            | Imran Rahim Khan                        |



\*Since April 7, 2009 i.e. after lifting the suspension of redemption of units of the Fund

**Fund Investment Objective**

Reliance Income Fund (RIF) is an open-ended fund which seeks to provide its investors, an opportunity to earn a consistent market based income with low risk profile while maintaining the liquidity in the form of, Government TFC/sukkuks, TDRs, Certificates of Deposits, Certificate of Musharika etc having the similar profile and preservation of capital as its prime Objective. Government securities, and Daily Product A/c, spread transactions, TFC/sukkuks, TDRs, Certificates of Deposits, Certificate of Musharika etc having the similar profile and preservation of capital as its prime Objective.

**The Economy of Pakistan**

Pakistan's Economy and its capital market have come a full circle in the month of September 2009- a full year after the crisis reached critical level in September last year. The investor confidence in the economy has improved considerably since this time last year- this is also evident from the improvement in key economic figures. The inflation (CPI) level declined to 10.7% in August 2009 from 23.9% a year ago. The nation's forex reserves have also risen to USD 14.5 bn and are closing on the all time high level after sinking to USD 6 bn during the crisis last year. The Current Account recorded a surplus of USD 606 mn in September 2009 (September 2008: deficit 1.5 bn)- mainly driven by 30% YOY decline in imports and record high remittances of USD 780 mn..

The economic improvement is also complimented by the interest rate cycle where the discount rate once again stands at 13% , the same level as in september 2008 after being hiked to 15% and then cut down by SBP .Improved foreign investor confidence was evident from USD128 mn of portfolio investment received during the month. US Senate voted to triple annual non-military aid to Pakistan to USD 1.5 bn till CY'14 and US congress approved Kerry-Lugar for USD2.3 bn aid to Pakistan. World Bank has also announced establishment of a multidonor trust fund for Pakistan.

**MONEY MARKET REVIEW:**

The PIB 10Y was quoted at 12.58-12.48% in the secondary market. The Treasury Bills were in the range of 12.58-12.48% for 12 months tenor, 12.52-12.42% for the six month tenor, 12.35-12.25% for 3 month tenor. One of the major development during the period was issuance of TFC worth of PKR 85 bn to resolve the circular debt.

**EQUITY MARKET REVIEW:**

The KSE-100 index recorded impressive performance during the month (September close 9350 and finally traded above the market freeze level of 9415 of August 2008. During the month, the market capitalization increased by 7% to 27 tn. Net Foreign Portfolio Investment inflow of USD128mn was recorded during the period.

**September 30, 2009 – NAV Pak Rs. 37.8384 per unit:**

The fund yielded an annualized return of 6.80% and 44.05% cumulative for the month of September 2009 since 7th April i.e. the date of lifting of suspension of redemption of fund. The fund size has increased from 443.072 to 502.192 million. This shows investor's confidence in your fund.

With expected foreign inflows in the coming months, it is likely that the liquidity will improve. However, the timely materialization of these committed inflows is also critical. Expected increase in electricity prices may restrict inflation numbers to come down meaningfully. Government's recent announcement of decrease in domestic fuel prices is likely to have a positive impact on inflationary expectations.



**Dr. Adnan Abid Lakhani**  
CEO/ Chairman

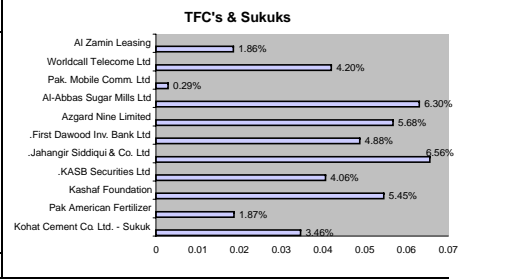
**Mr. A..K.M Sayeed**  
Advisor and Ex-DMD NIT

**Imran Rahim Khan**  
(Senior Fund Manager)

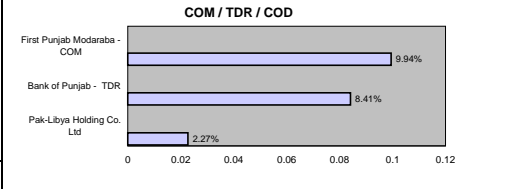
Direct: (021) 5689961, Cell: 0301-2866877  
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**PORTFOLIO DISCRPTION AS ON September 30 , 2009**

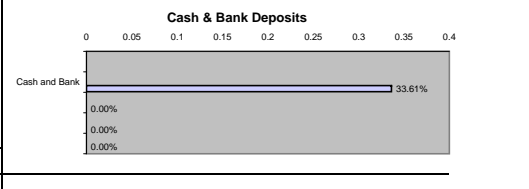
| Investment as % of NAV        | Ratings | %age          | Amount             |
|-------------------------------|---------|---------------|--------------------|
| <b>TFC's &amp; Sukuks</b>     |         |               |                    |
| Al Zamin Leasing              | A-      | 1.86%         | 9,702,050          |
| Worldcall Telecom Ltd         | A       | 4.20%         | 21,950,959         |
| Pak. Mobile Comm. Ltd         | AA-     | 0.29%         | 1,509,526          |
| Al-Abbas Sugar Mills Ltd      | A+      | 6.30%         | 32,958,609         |
| Azgard Nine Limited           | AA-     | 5.68%         | 29,691,055         |
| First Dawood Inv. Bank I      | BBB+    | 4.88%         | 25,500,000         |
| Jahangir Siddiqui & Co.       | AA+     | 6.56%         | 34,283,678         |
| KASB Securities Ltd.          | AA-     | 4.06%         | 21,237,080         |
| Kashaf Foundation             | A       | 5.45%         | 28,499,790         |
| Pak American Fertilizer       | AA-     | 1.87%         | 9,788,223          |
| Kohat Cement Co. Ltd. - Sukuk | BBB+    | 3.46%         | 18,112,500         |
| <b>Total</b>                  |         | <b>44.60%</b> | <b>233,233,470</b> |



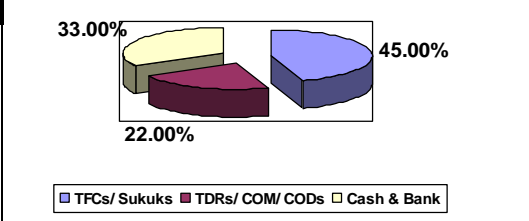
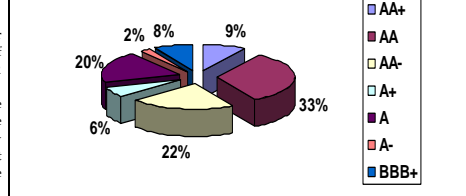
| COM / TDR / COD             | %age          | Amount             |
|-----------------------------|---------------|--------------------|
| <b>COM / TDR / COD</b>      |               |                    |
| First Punjab Modaraba - COM | 9.94%         | 52,000,000         |
| Bank of Punjab - TDR        | 8.41%         |                    |
| Pak-Libya Holding Co. L     | 2.27%         | 10,000,000         |
| The Bank of Punjab          | 9.94%         | 52,000,000         |
| <b>Total</b>                | <b>22.16%</b> | <b>114,000,000</b> |



| Cash and Bank        | AA | %age          | Amount             |
|----------------------|----|---------------|--------------------|
| <b>Cash and Bank</b> |    |               |                    |
| Cash and Bank        | AA | 33.61%        | 175,754,425        |
|                      |    | 0.00%         |                    |
|                      |    | 0.00%         |                    |
|                      |    | 0.00%         |                    |
| <b>Total</b>         |    | <b>33.61%</b> | <b>175,754,425</b> |



**Total Portfolio 100% 522,987,895**



| Assets Quality                     | AAA    | AA+     | AA      | AA-    | A+     | A      | A-      | BBB+   | BBB     | BBB-              | D       | N/A    | Total     |
|------------------------------------|--------|---------|---------|--------|--------|--------|---------|--------|---------|-------------------|---------|--------|-----------|
| September                          | NIL    | 9.00%   | 33.00%  | 22.00% | 6.00%  | 20.00% | 2.00%   | 8.00%  | NIL     |                   | NIL     | NIL    | 100.00%   |
| <b>Asset Allocation (% of NAV)</b> |        |         |         |        |        |        |         |        |         |                   |         |        |           |
| September, 2009                    |        |         |         |        | 45.00% | NIL    | 22.00%  | NIL    | NIL     | NIL               | 33.00%  | NIL    | 100.00%   |
| Months                             | May'08 | June'08 | July'08 | Aug'08 | Sep'08 | Oct'08 | Apr'09  | May'09 | June'09 | April '09- Aug'09 | Apr-sep |        | 12 Months |
| Ranking                            | 3      | 2       | 4       | 3      | 4      | 2      | 1       | 6      | 2       | 1                 | 1       |        |           |
| RIF                                | 10.20% | 9.44%   | 11.10%  | 12.61% | 12.67% | 11.10% | 212.00% | 13.71% | 22.24%  | 51.50%            |         | 27.06% | 32.80%    |
| Benchmark                          | 12.85% | 12.96%  | 13.79%  | 14.26% | 14.28% | 14.24% | 13.03%  | 12.51% | 11.69%  | 13.32%            |         | 13.47% | 12.20%    |

12 months yield calculated by simple average method for RIF and Benchmark.

**Disclaimer:** All investments in mutual funds are subject to market risk. The NAV based prices of Units and any dividends/returns thereon are dependent on forces affecting the financial markets. These may go up and down based on market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document of the fund to understand the investment policies and the risks involved. Assets Allocations are likely to change on a daily basis because of investments and redemptions in the fund and price changes of assets in the portfolio.