

Performance

Performance % *	December 2010	Since Launch August 21, 2010
NAFA Asset Allocation Fund	3.87%	9.51%
Benchmark	2.83%	8.31%

* Cumulative returns are net of management fee & all other expenses

General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 227 million
Type:	Open-end – Asset Allocation Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
Settlement:	2-3 business days
Pricing Mechanism:	Forward Pricing
Load:	Front end – 2%, Back end - 0%
Management Fee:	2% per annum
Risk Profile:	Moderate
Listing:	Lahore Stock Exchange
Custodian & Trustee:	Central Depository Company (CDC)
Auditors:	A. F. Ferguson & Co. Chartered Accountants
Benchmark:	1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index
Fund Manager:	Hussain Yasar
Minimum Subscription:	Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-
Asset Manager Rating:	AM2- by PACRA

Investment Objective

To generate income by investing in Debt & Money Market securities and to generate capital appreciation by investing in equity and equity related securities.

Fund Manager Commentary

During the month under review, NAFA Asset Allocation Fund's (NAAF) Net Asset Value (NAV) increased by 3.87% while the benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index) increased by 2.83%. Thus your Fund out-performed the benchmark by 1.04%. Since inception on August 21, 2010 your Fund has increased by 9.51%, while the Benchmark has increased by 8.31%. Thus, to-date the out-performance of your Fund stands at 1.20%. This out-performance is net of management fee and all other expenses. During the month, the Fund size increased by 16.41% to PKR 227 million.

NAAF is an asset allocation fund and market weight implies 33% weight in equities, 33% in money market instruments and 33% in fixed income asset class. At the start of the month NAAF was around 40% invested in equities. The overweight stance of NAAF in the Oil & Gas Exploration and Oil Marketing sub-sectors and underweight stance in the Refinery sub-sector contributed to the out-performance of the Fund. Similarly, we increased the exposure in the Fertilizer sub-sector, which also added to the out-performance of the Fund. During the month, we enhanced the weight in the Power sub-sector and Banking and Fixed Line Communication sectors. At the end of the month, NAAF was around 46% invested in equities, 17% in money market instruments and around 23% in TFCs.

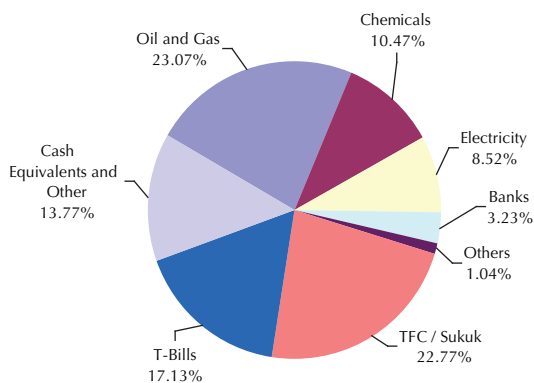
NAAF is invested in high dividend yielding stocks with stable earnings stream and low business risk. We are monitoring the capital market conditions closely and will shift our allocation accordingly.

Asset Allocation

31-Dec-10 30-Nov-10

Equities / Stock	46.33%	40.15%
TFC / Sukuk	22.77%	25.87%
Cash Equivalents	16.68%	5.59%
T-Bills	17.13%	29.63%
Other Net Assets / (Liabilities)	-2.91%	-1.24%
Total	100.00%	100.00%
Leverage	Nil	Nil

Asset Allocation (as of 31st December 2010)



Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM
Ahmad Nouman, CFA
Hussain Yasar

Top Ten Holdings (as on 31st December 2010)

Name	Asset Class	% of NAV	Name	Asset Class	% of NAV
Pakistan Oilfields Ltd.	Equity	9.12%	Fauji Fertilizer Ltd.	Equity	6.31%
Pakistan Petroleum Ltd.	Equity	8.98%	Bank Al-Falah Ltd.	TFC	4.35%
Hub Power Co. Ltd.	Equity	7.62%	Allied Bank Ltd	TFC	4.33%
Engro Rupiya Certificate	TFC	7.50%	Fauji Bin Qasim Ltd.	Equity	4.16%
United Bank Ltd.- III	TFC	6.59%	Attock Petro. Ltd.	Equity	3.05%