



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (30/12/2011): Rs.10.4630

December 2011

## Performance

Performance % *	December 2011	Jul. - Dec. 2011	Jan. - Dec. 2011	Since Launch August 21, 2010
NAFA Asset Allocation Fund	(0.43%)	1.88%	11.13%	21.69%
Benchmark	(1.4%)	(0.77%)	2.81%	11.35%

\* Cumulative returns are net of management fee, Workers' Welfare Fund (WWF) provisioning & all other expenses

## General Information

Launch Date:	August 21, 2010
Fund Size:	Rs. 402 million
Type:	Open-end – Asset Allocation Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	(Mon-Thr) 9:00 A.M to 5:00 P.M (Friday) 9:00 A.M to 5:30 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-'Positive Outlook' 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) decreased by 0.43% while the benchmark (1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index) decreased by 1.40%. Thus your Fund outperformed the benchmark by 0.97%. Since inception on August 21, 2010 your Fund has increased by 21.69%, while the Benchmark has increased by 11.35%. Thus, to-date the out-performance of your Fund stands at 10.34%. In CYTD 2011, the Fund outperformed the benchmark and peer group by 8.32% and 18.68% respectively. This out-performance is net of management fee and all other expenses.

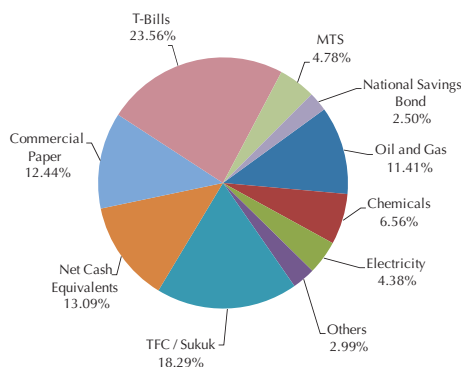
At the start of the month NAAF was around 21% invested in equities. The stock market continued to depict a weak trend ensuing from concerns on the macro and political front as well as structural issues. The out-performance of NAAF resulted from its under-weight position in equities. Further, some of the Fund's key holdings performed better than the market. NAAF was under-weight in selected stocks in the Fertilizer sub-sector that under-performed the market, which significantly benefited the Fund. Similarly, NAAF benefited from its under-weight position in a key Banking sector stock, which under-performed attributable to foreign selling. In the latter half of the month, we built positions in the high dividend yielding stocks. We increased the Fund's weightage in the Banking sector and Fertilizer & Power sub-sectors. At the end of the month, NAAF was around 25% invested in equities, 36% in money market instruments and around 18% in TFCs. The Fund invests in AA & above rated investment category TFCs.

In line with its strategy 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 (% of NAV) 30-Dec-11 30-Nov-11

Asset Allocation (% of NAV)	30-Dec-11	30-Nov-11
Equities / Stocks	25.34%	21.42%
TFCs	18.29%	18.77%
Cash Equivalents	14.83%	9.27%
Commercial Paper	12.44%	5.15%
T-Bills	23.56%	42.03%
MTS	4.78%	0.72%
National Savings Bond	2.50%	2.59%
Other Net (Liabilities) / Assets	(1.74%)	0.05%
Total	100.00%	100.00%
Leverage	Nil	Nil

## Asset Allocation (as on 30th December 2011)



## Top Ten Holdings (as on 30th December 2011)

Name	Asset Class	% of NAV
Kot Addu Power	CP	7.47%
Allied Bank Limited I	TFC	6.22%
Pakistan Oilfields Ltd.	Equity	5.22%
Hub Power Company Limited	CP	4.98%
Fauji Fertilizer Co. Ltd.	Equity	4.57%
Hub Power Company Limited	Equity	4.38%
Engro Corp. Rupiya Certificate	TFC	4.26%
United Bank Limited III	TFC	3.71%
Oil & Gas Dev.Co	Equity	3.42%
Pak Petroleum Ltd.	Equity	2.77%
<b>Total</b>		<b>47.00%</b>

## Name of the Members of Investment Committee

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

## Characteristics of Equity Portfolio\*\*

	PER	PBV	DY
NAAF	5.8	3.2	12.4%
KSE-30	6.6	3.8	8.9%

\*\* Based on NAFA's estimates

**Disclaimer:** This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependant on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.