

# Nafa Asset Allocation Fund (NAAF)



MONTHLY REPORT (MUFAP's Recommended Format)  
Unit Price (31/05/2017): Rs. 20.1753

May 2017

## Performance %

| Performance Period         | May 2017 | FYTD 2017 | Rolling 12 Months June 16 - May 17 | FY 2016 | FY 2015 | FY 2014 | FY 2013 | FY 2012 | Since Launch August 20, 2010* |
|----------------------------|----------|-----------|------------------------------------|---------|---------|---------|---------|---------|-------------------------------|
| NAFA Asset Allocation Fund | 2.9%     | 36.0%     | 35.8%                              | 7.6%    | 24.6%   | 13.7%   | 32.0%   | 14.4%   | 21.5%                         |
| Benchmark**                | 2.3%     | 20.5%     | 22.8%                              | 6.2%    | 9.6%    | 15.3%   | 17.1%   | 8.1%    | 13.1%                         |

\* Annualized Return  
All Other returns are Cumulative

The performance reported is net of management fee & all other expenses and based on dividend reinvestment gross of with-holding tax where applicable.

## General Information

|                              |  |
|------------------------------|--|
| Launch Date:                 | August 20, 2010  |
| Fund Size:                   | Rs. 3,740 million  |
| Type:                        | Open-end – Asset Allocation Fund   |
| Dealing Days:                | Daily – Monday to Friday   |
| Ramazan Dealing Time:        | (Mon - Thr) 8:30 A.M to 2:00 P.M<br>(Friday) 8:30 A.M to 12:00 P.M   |
| Settlement:                  | 2-3 business days  |
| Pricing Mechanism:           | Forward Pricing  |
| Load:***                     | Front End Load (Individual): 3% (Nil on investment above Rs. 101 million)<br>Front End Load (Other): 3% (Nil on investment above Rs. 50 million)<br>Back End Load: NIL |
| Management Fee:              | 2% per annum   |
| Total Expense Ratio (%)      | 4.06% p.a (including 1.52% government levies)  |
| Selling & Marketing Expenses | 0.4% per annum   |
| Risk Profile:                | Moderate   |
| Listing:                     | Pakistan Stock Exchange  |
| Custodian & Trustee:         | Central Depository Company (CDC)   |
| Auditors:                    | Deloitte Yousuf Adil<br>Chartered Accountants  |
| Benchmark:**                 | Daily weighted return of KSE-30 Total Return Index & 6-month KIBOR based on Fund's actual allocation.  |
| Fund Manager:                | Taha Khan Javed, CFA   |
| Minimum Subscription:        | Growth Unit: Rs. 10,000/-<br>Income Unit: Rs. 100,000/-  |
| Asset Manager Rating:        | AM1 by PACRA (Very High Quality)   |

\*\* effective from September 01, 2016; Previously 1/3 of average 3-month bank deposit rate; 1/3 of 6-month KIBOR; 1/3 of KSE 30 Index Total Return.

\*\*\* effective from January 02, 2017

| Asset Allocation (% of Total Assets) | 31-May-17     | 28-Apr-17     |
|--------------------------------------|---------------|---------------|
| Equities / Stocks                    | 60.9%         | 63.8%         |
| Cash                                 | 36.7%         | 33.1%         |
| Bank Placements                      | 1.4%          | 1.5%          |
| Others including receivables         | 1.0%          | 1.6%          |
| <b>Total</b>                         | <b>100.0%</b> | <b>100.0%</b> |
| Leverage                             | Nil           | Nil           |

## Characteristics of Equity Portfolio\*\*\*\*

|        | PER  | PBV | DY   |
|--------|------|-----|------|
| NAAF   | 10.4 | 4.4 | 3.3% |
| KSE-30 | 11.1 | 2.8 | 4.7% |

\*\*\*\* Based on NAFA's estimates

## Top Five Sectors (% of Total Assets) (as on 31 May, 2017)

|                                 |       |
|---------------------------------|-------|
| Cement                          | 9.0%  |
| Oil & Gas Exploration Companies | 8.4%  |
| Commercial Banks                | 7.3%  |
| Textile Composite               | 6.7%  |
| Automobile Assembler            | 5.1%  |
| Others                          | 24.4% |

## Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA  
Sajjad Anwar, CFA  
Taha Khan Javed, CFA  
Hassan Raza, CFA  
Muhammad Ali Bhabha, CFA, FRM

## Sindh Workers' Welfare Fund (SWWF)

The scheme has maintained provision against Sindh Workers' Welfare Fund's liability to the tune of Rs 23,082,830/- If the same were not made the NAV per unit/ last one year return of scheme would be higher by Rs 0.1245/0.84%. For details investors are advised to read the Note 5 of the Financial Statements of the Scheme for the period ended March 31, 2017.

Notes: 1) The calculation of performance does not include cost of front end load.  
2) Taxes apply. Further, tax credit also available as per section 62 of the Income Tax Ordinance, 2001.

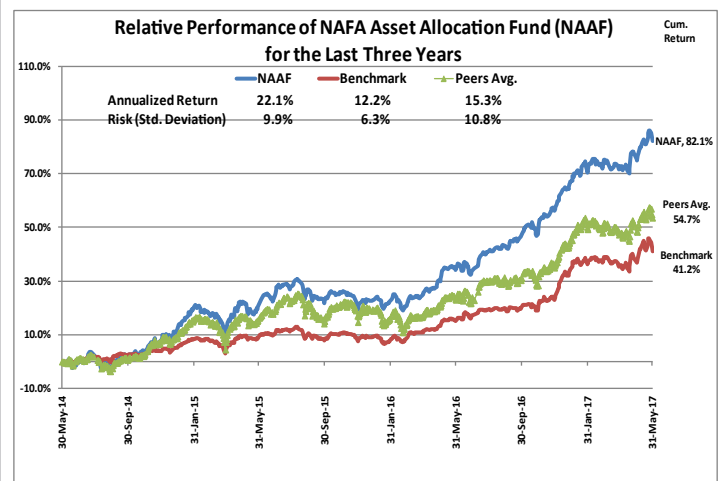
## Investment Objective

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's Commentary

During the month under review, NAFA Asset Allocation Fund's (NAAF) unit price (NAV) increased by 2.9% while the Benchmark increased by 2.3%. Thus your Fund outperformed the Benchmark by 0.6%. Since inception on August 20, 2010 the Fund has posted 21.5% p.a return, versus 13.1% p.a by the Benchmark. Thus, to date the outperformance of your Fund stands at 8.4% p.a. This outperformance is net of management fee and all other expenses.

NAAF started off the month with an allocation of around 64% in equities, which decreased to around 61% towards the end of the month. NAAF outperformed the Benchmark in May as the Fund was underweight in select Commercial Banks, Cements, and Pharmaceutical sectors stocks which underperformed the market and overweight in select Engineering, Automobile Parts & Accessories, Glass & Ceramics, and Textile Composite sectors stocks which outperformed the market. During the month, the allocation was increased in Engineering, Paper & Board, and Automobile Parts & Accessories, whereas it was reduced primarily in Cements, Automobile Assemblers, Commercial Banks, Fertilizers, and Oil & Gas Marketing sectors.



## Top Ten Holdings (as on 31 May, 2017)

| Name                       | Asset Class | % of Total Assets |
|----------------------------|-------------|-------------------|
| Mari Petroleum Company Ltd | Equity      | 2.8%              |
| D G Khan Cement Co Ltd     | Equity      | 2.7%              |
| Engro Corporation Ltd      | Equity      | 2.6%              |
| Nishat Mills Ltd           | Equity      | 2.4%              |
| Millat Tractors Ltd        | Equity      | 2.4%              |
| Lucky Cement Ltd           | Equity      | 2.3%              |
| Pakistan Oilfields Ltd     | Equity      | 2.0%              |
| Indus Motor Company Ltd    | Equity      | 2.0%              |
| Pak Petroleum Ltd          | Equity      | 1.9%              |
| Habib Bank Ltd             | Equity      | 1.8%              |
| <b>Total</b>               |             | <b>22.9%</b>      |

**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. Past performance is not necessarily indicative of future results. Please read the Offering Documents to understand the investment policies and the risks involved.