



NAFA Islamic Multi Asset Fund (NIMF)

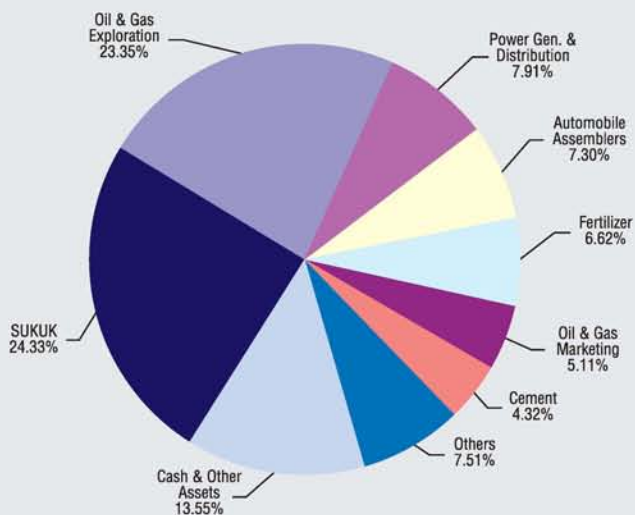
Unit Price (31/12/2009): Rs. 9.3246

December 2009

Investment Objective	Performance						
To provide investors with a combination of capital growth and income by investing in Shariah compliant investments. NIMF aims to achieve attractive returns at moderate levels of risk by investing in a variety of Shariah compliant securities, instruments and avenues such as Equities, Musharakah, Murabahah, Ijarah etc.	Performance (%)*	Oct - Dec 2007	Oct - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	December 2009	Since Launch October 29, 2007
	NAFA Islamic Multi Asset Fund	(2.64)%	(4.64)%	(10.09)%	8.76%	(4.72)%	(6.75)%
	*Returns are net of management fee & all other expenses						

General Information	Fund Manager's Commentary
<p>Launch Date: October 29, 2007</p> <p>Fund Size: Rs. 502 million</p> <p>Type: Shariah Compliant - Open-end Balanced Fund</p> <p>Dealing: Daily - Monday to Friday</p> <p>Settlement: 2-3 business days</p> <p>Load: Front end -3%, Back end-0%</p> <p>Management Fee: 3% per annum</p>	<p>During the month of December 2009, Net Asset Value (NAV) of NAFA Islamic Multi Asset Fund (NIMF) decreased by 4.72%, whereas the benchmark increased by 1.47%, thus an under-performance of 6.19% was recorded. Since January 2009 your Fund has increased by 46.39%</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian & Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson & Co. Chartered Accountants</p> <p>Benchmark: 50% KMI - 30 Index & 50% average 1-month profit rate of Islamic banks.</p> <p>Fund Manager: Sajjad Anwar, CFA</p> <p>Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st December 2009)



Key factor responsible for the under performance of the Fund during the month was trading of sukuk at lower prices due to tight liquidity situation. We are expecting that as the liquidity situation improves the prices of sukuk will recover going forward. Moreover, our holdings in automobile sector grossly underperformed the market during the month. These shares out-performed the market over the last few months, but not in December. In our view, these stocks will perform well due to their strong fundamentals and attractive valuations.

NIMF is a balanced fund and market weight implies 50% weight in equity and 50% in fixed income asset class. In the beginning of the month we were over-weight in equity and under-weight in the fixed income asset class. During the month, due to uncertain stock market trend we reduced our allocation in equity below the market weight. However, in latter half of the month, expecting a short-term recovery in the Stock Market we again over-weighted equities and under-weighted fixed income asset class.

The Stock Market remained subdued during the 1st week of December. Concern over domestic political front linked to uncertainty over the controversial National Reconciliation Ordinance (NRO) issue kept the investors on the sideline. Investor confidence improved after the apex court's decision on NRO, receipt of 4th Tranche of US \$ 1.2 billion, and consensus among provinces over NFC award during the latter half of the month. Interest of the foreign funds in the Stock Market remained minimal during the outgoing month.

Going forward, inflation remains a key concern. Key triggers for the Stock Market are improvement in the political situation, foreign portfolio inflows, improvement in the law and order situation and success of the military operation in the northern regions.

Disclaimer: The price of units may go down as well as up. Please refer to the respective offering document(s).