



National Fullerton  
Asset Management Limited

# NAFA Stock Fund (NSF)

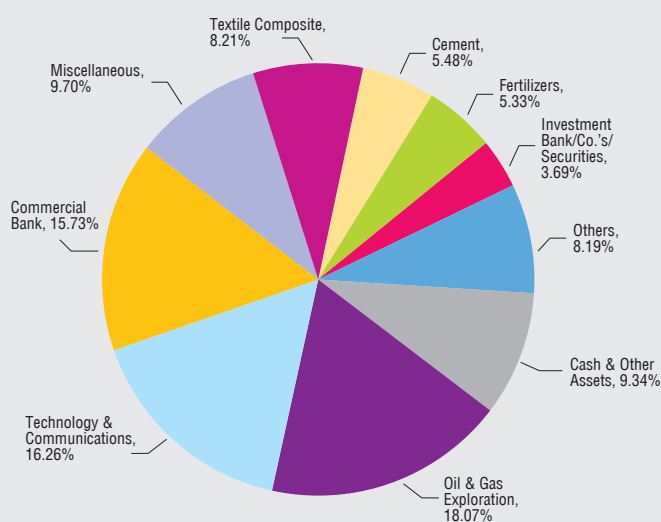
December 2008

Investment Objective	Performance					
To provide investors with long-term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high.	<b>Return (%)*</b>	<b>Jan - Dec 2007</b>	<b>Jan - Jun 2008</b>	<b>Jul - Sep 2008</b>	<b>Sep 2008</b>	<b>Since Launch Till Sept 30, 2008</b>
	<b>NAFA Stock Fund</b>	<b>61.59%</b>	<b>-14.04%</b>	<b>-26.16%</b>	<b>-0.43%</b>	<b>2.57%</b>
	<b>Benchmark</b>	24.82%	-14.30%	-29.75%	-1.31%	-24.85%

\* Returns are net of management fee & all other expenses

General Information	Fund Manager's Commentary
<p>Launch Date: January 22, 2007</p> <p>Fund Size: Rs. 960 million</p> <p>Type: Open-end - Equity Fund</p> <p>Dealing: Daily</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>After a de-facto closure of almost 110 days, the price floor mechanism was removed on December 15, 2008 at the Karachi Stock Exchange. Since then the KSE-100 index has fallen by 37%, and from its peak (15700) it has shed 63%. For the 8-month period before the market closure, the average daily traded value was Rs.21 billion, which has been Rs.0.3 billion during the last 15 days. Thus, sale of assets and determination of their saleable prices have become impossible.</p> <p>In an open-end fund when someone redeems the investment, assets of equivalent value are sold and vice versa. Therefore, valuation of funds' assets at their saleable price is essential to treat all unit holders equally. In the present situation, if we had not suspended the dealing in units, investors redeeming would have benefited at the expense of those not redeeming.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian &amp; Trustee: Central Depository Company</p> <p>Auditors: A. F. Ferguson &amp; Co. Chartered Accountants</p> <p>Benchmark: KSE-30 Index</p> <p>Fund Manager: Khurram Shehzad, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st December 2008)



Currently, the Price to Earnings Ratio (PER) of the market is 4.7x whereas historically the lowest ever PER is 4.4x. Thus, the market is almost hitting its trough. The dividend yields on some of the stocks have jumped to almost 24%, which is 5% above the core inflation. The PER of the NAFA Stock Fund (NSF) portfolio is 3.4x which is 27% less than the market PER- which means that the shares in NSF portfolio are cheaper than the market. Thus any recovery in the market provides an opportunity for the NSF investors to out-perform the market by a significant margin.

We expect that the Stock Market as well as NAFA Stock Fund will display a very good performance during the Calendar Year 2009. We also expect that further investment will come in the capital markets as currently asset prices are at one of their cheapest levels. It is advised that this is one of the best opportunities to invest more and bring down the cost of your investment.

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