



National Fullerton  
Asset Management Limited

# NAFA Stock Fund (NSF)

NAV Unit Price (28/02/2009): Rs. 5.0564

February 2009

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.	Return (%)*	Jan - Dec 2007	Jan - Jun 2008	Jul - Dec 2008	Feb 2009	Since Launch
	<b>NAFA Stock Fund</b>	<b>61.59%</b>	<b>-14.04%</b>	<b>-53.72%</b>	<b>6.13%</b>	<b>-37.07%</b>
	<b>Benchmark</b>	24.82%	-14.30%	-61.71%	13.49%	-55.97%
* 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. 991 million</p> <p>Type: Open-end - Equity 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 under review, KSE-30 Index increased by 13.49%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 6.13%, thus an under-performance of 7.36% was recorded. Since inception on Jan. 22, 2007, the NAV of NSF has declined by 37.07% and the benchmark has declined by 55.97%, thus to date, the out-performance is 18.90%.</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>	

## Fund Manager's Commentary

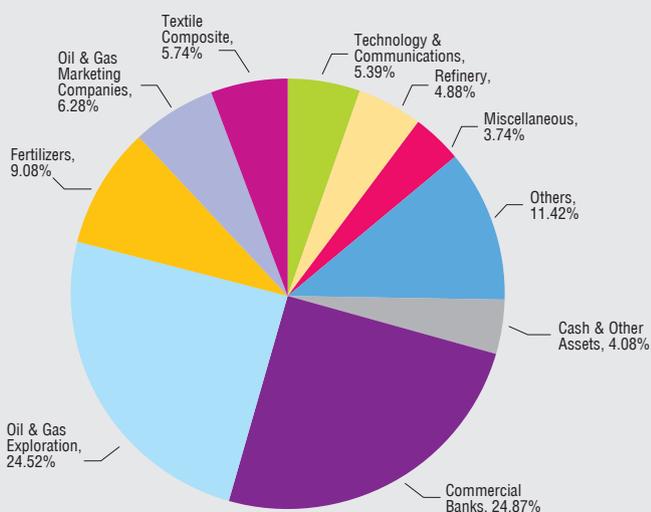
During the month under review, KSE-30 Index increased by 13.49%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 6.13%, thus an under-performance of 7.36% was recorded. Since inception on Jan. 22, 2007, the NAV of NSF has declined by 37.07% and the benchmark has declined by 55.97%, thus to date, the out-performance is 18.90%.

The upward rally in the market remained limited to large cap and highly liquid stocks. The gradual building up of investor confidence is eventually expected to spill towards high growth medium cap stocks as well. NSF portfolio had higher concentration of growth stocks during the first half of the month and that is why it reported under-performance. However, towards the second half of the month we decreased portfolio concentration in medium cap stocks and tracking error against the benchmark. As a result, the under-performance actually reduced during the second half of the month.

We believe that after shedding 70% of its value from the peak, the market has reached extremely attractive levels, especially in large cap stocks. Therefore, an immediate upside of 23% was witnessed through a rally in large cap stocks. The macroeconomic scenario and liquidity in the financial sector suggest that the market has all the reasons to continue its upward trend. The political developments towards the end of the month may keep the market in a consolidation phase for a brief period.

We have a long-term positive view on the market from these levels due to higher dividend yields, attractive valuations, declining inflation and decreasing interest rates. We expect CY2009 to be a good year for equities and NSF. Even after a 23% increase in stock market, valuations are still attractive.

Asset Allocation (on 28th February 2009)



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