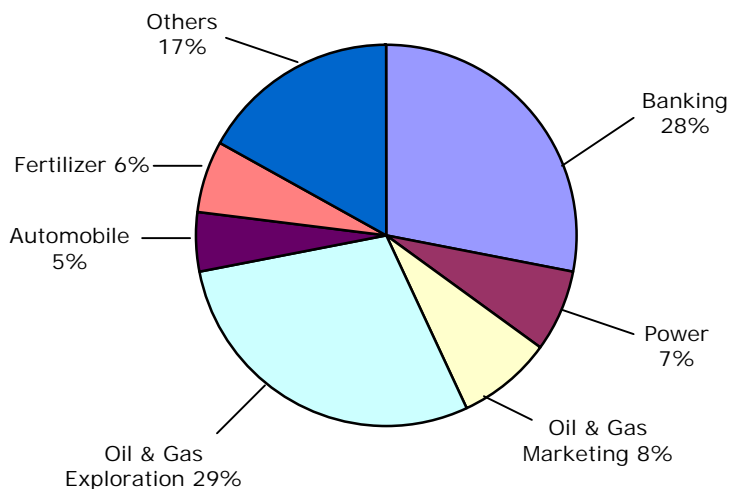


| Investment Objective | Performance | |
|--|---|----------------------------------|
| To provide investors with long term capital growth from an actively managed portfolio invested primarily in listed companies in Pakistan. The risk profile of the Fund will be moderate to high. | NAFA Stock Fund | Since Launch January 22, 2007 |
| | Cumulative Return* (%) * Net of Management Fee | 3.94% |
| | Value of Rs. 100,000 invested | Rs. 103,935 |

| General Information | Fund Manager Commentary |
|---|---|
| <p>Launch Date: January 22, 2007 Fund Size: Rs. 795.8 million Type: Open-end – Equity Fund Dealing: Daily Settlement: 2-3 business days Load: Front end – 3% Back end - 0 Management Fee: 2.5% per annum</p> | <p>The investment activity in NAFA Stock Fund was initiated on January 22, 2007 and a total of six (6) working days have been recorded since inception. The Fund was 88% invested by the second day based upon our assessment, through fundamental and technical research models, that stock market valuations are attractive.</p> <p>On the basis of sector valuations we allocated almost 57% of the portfolio to two sectors namely; Oil & Gas Exploration and Commercial Banks. The liberal exploration policy followed by the government, the expected international oil price scenario and the potential hydro-carbon reserves point towards a healthy earnings growth in this sector.</p> <p>The monetary policy tightening in the wake of inflation worries is expected to translate into higher profits for larger banks, and that has motivated us to over-weight Commercial Banks. Moreover, the foreign interest in the local commercial banks due to the existence of high interest spreads is also expected to translate into higher share price growth for commercial banks.</p> |
| <p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Company Benchmark: KSE-30 Index Fund Manager(s): Khurram Shehzad, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p> | |

Asset Allocation (as on 31st January, 2007)



Oil & Gas Marketing sector received an allocation of almost 16% of the Fund's assets. The rising population and increasing consumerism is bound to create additional demand for electricity and that is likely to keep the stocks in this sector as leading performers. The expected agricultural growth and rising consumerism made the Fertilizer and Automobile Assembler sectors as our next picks with almost 11% of the Fund's assets invested in these sectors.

Being a newly launched Fund, we faced two challenges i.e. the cash held for any immediate redemptions and the first-time investment costs. Also, the initial brokerage expense emanating from massive buying activity in a short span of time posed a challenge for the Fund. However, the stock selection strategy adopted by the Fund is expected to result in the Fund out performing its Benchmark in due course of time.

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

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