



National Fullerton
Asset Management Limited

NAFA Stock Fund (NSF)

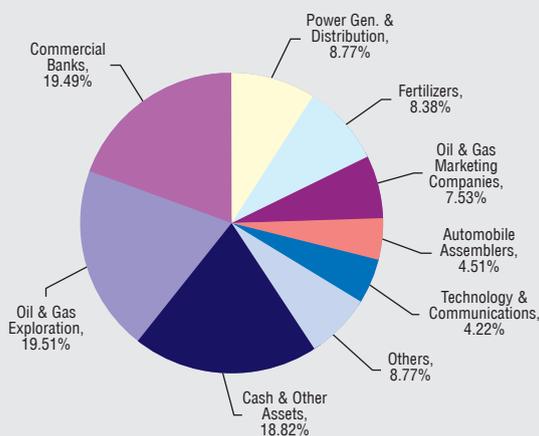
Unit Price (31/01/2010): Rs. 7.3028

January 2010

Investment Objective	Performance						
	Performance (%)*	Jan - Jun 2007	Jul - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	January 2010	Since Launch January 22, 2007
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	43.47%	(3.18)%	(45.63)%	18.78%	1.32%	(9.12%)
	Benchmark	26.89%	(15.70)%	(47.15)%	30.10%	2.09%	(24.91)%
	*Returns are net of management fee & all other expenses						

General Information	Fund Manager's Commentary
<p>Launch Date: January 22, 2007 Fund Size: Rs. 1,259 million Type: Open-end – Equity Fund Dealing Days: Daily – Monday to Friday Settlement: 2-3 business days Pricing Mechanism: Forward Pricing Load: Front end-3%, Back end-0% Management Fee: 3% per annum Risk Profile: Moderate-to-High</p>	<p>During the month under review, KSE-30 Index increased by 2.09%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 1.32%, thus an under-performance of 0.77% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 9.12% and the benchmark has declined by 24.91%, thus to date out-performance is 15.79%.</p> <p>At the start of the month NSF was 98.00% invested in equities. Initially during the month the market performed well on the back of sanguine corporate earnings expectations and hopes of monetary easing. However, subsequently, market sentiment weakened following the release of the Supreme Court of Pakistan's detailed judgment on the NRO decision, which heightened concerns of escalation of rifts between the judiciary and the current administration. Prospects of imposition of capital gains tax from the next fiscal year dampened the mood of investors. Moreover, the exchange rate remained under pressure following transfer of oil import payment to the market. Anticipating the weak market trend, we reduced our weightage in equities to 81%.</p>
<p>Listing: Lahore Stock Exchange Custodian & Trustee: Central Depository Company (CDC) Auditors: A. F. Ferguson & Co. Chartered Accountants Benchmark: KSE-30 Index Fund Manager: Sajjad Anwar, CFA Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/- Asset Manager Rating: AM2-</p>	

Asset Allocation (as on 31st January 2010)



Net foreign portfolio inflows during January stood at US\$ 15.27 million compared to US\$ 4.20 million in December. The Market's Average Daily Traded Value stood at PKR 8.0 billion against PKR 5.2 billion during December. Local investors maintained a cautious stance on lack of domestic liquidity. No notable positives emanated from the FoDP moot and there was no progress on the launch of a leverage product in the market. During the month NSF reduced exposure in banks and energy exploration. The weightage in the power sector was increased on the back of high dividend yields.

The SBP has maintained interest rates in the January review. The inflationary figures over the next few months are likely to depict a spiraling trend, especially with the recent increase in domestic petroleum prices. Therefore, the market seems to lack positive triggers in the immediate term. NSF remains invested in fundamentally attractive and undervalued stocks that are expected to perform better than the market.

Leverage: (Amount of leveraging / borrowing done by the Fund.)	Nil
Name of the members of Investment Committee:	Dr. Amjad Waheed, CFA Sajjad Anwar, CFA Tanvir Abid, CFA

Key triggers for the stock market in our views are: I) political stability; II) growth in corporate earnings; III) rationalization of government borrowing and expenditures; IV) foreign inflows; V) availability of financing product.

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 the fund. All investments in mutual funds are subject to market risks. The price of units may go up as well as down. Past performance is not necessarily indicative of future results.