

NAFA Stock Fund (NSF)

National Fullerton
Asset Management Limited

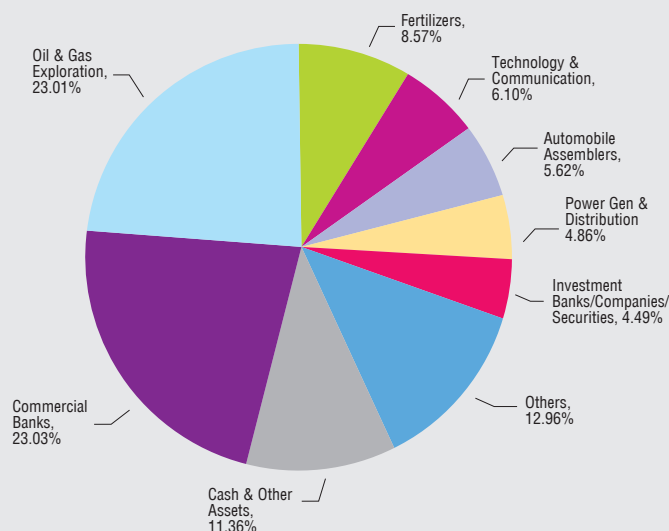
Unit Price (31/10/2009): Rs. 7.1601

October 2009

Investment Objective	Performance					
	Performance (%)*	Jan - Dec 2007	Jan - Dec 2008	Jul - Sep 2008 - 09	Oct 2009	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	61.59%	(60.21)%	22.10%	(3.36)%	(10.89)%
	Benchmark	24.82%	(67.19)%	32.50%	(3.68)%	(27.85)%
	*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. 1,331 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 decreased by 3.68%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 3.36%, thus an out-performance of 0.32% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 10.89% and the benchmark has declined by 27.85%, thus to date out-performance is 16.96%.</p> <p>The stock market depicted a downward and zigzag trend during the month. Renewed security fears in the country have erupted amidst fresh spate of terrorist attacks and start of the military operation in South Waziristan. Consequently, net foreign inflows during October were substantially lower at USD 38m as against USD 128m during September. Market Average Daily Traded Value during October was also lower at PKR 10.8 bn compared to PKR 13.3 bn in September. The quarterly results season offered no major excitement. Sentiments were weak on controversies relating to the Kerry Lugar bill, uneasiness on the domestic political front and concerns over the country's macroeconomic front with respect to GDP growth and the direction of interest rates.</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: KSE-30 Index</p> <p>Fund Manager: Sajjad Anwar, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st October 2009)



At the start of the month NSF was 97.6% invested in equities. During the month, we gradually reduced our weight to 88.6% as the market was showing signs of weakness. The exposure of NSF in key stocks in the energy exploration, banking and automobile sectors performed better than the market. The banking sector rallied on enhancement in the Forced Sale Value benefit available to banks while the automobile sector portrayed better-than-expected quarterly results. NSF was underweight in cement stocks. The outlook on cement margins and demand is lukewarm.

We feel that in the short-term the market may remain volatile. The recent correction phase in the market has increased the overall fundamental attractiveness of the market. Nonetheless, improvement in the country's security and law & order situation is critical for continued foreign inflows, which could also restore the confidence of the local investors. In line with this, NSF portfolio is invested in stocks that offer fundamental upside and are expected to perform better than the market. Key triggers for the market could be launch of the new leverage or margin financing product, assistance to Pakistan from friendly countries and softening in the monetary stance by the SBP.

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