



NAFA Stock Fund (NSF)

**NBP Fullerton
Asset Management Limited**

(Formerly National Fullerton Asset Management Limited)

Unit Price (30/09/2010): Rs. 6.3006

September 2010

Performance

Performance % *	September 2010	CYTD Jan. - Sep. 2010	Since Launch January 22, 2007
NAFA Stock Fund	0.35%	0.40%	(9.94%)
Benchmark	(0.26%)	(1.78%)	(27.76%)

* Cumulative returns are net of management fee & all other expenses

General Information

Launch Date:	January 22, 2007
Fund Size:	Rs. 942 million
Type:	Open-end – Equity Fund
Dealing Days:	Daily – Monday to Friday
Dealing Time:	9:00 A.M to 4:30 P.M
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
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- by PACRA

Investment Objective

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.

Fund Manager Commentary

During the month under review, KSE-30 Index decreased by 0.26% whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 0.35%, thus an out-performance of 0.61% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 9.94% while that of the benchmark has declined by 27.76%, thus to date out-performance is 17.82%.

At the start of the month NSF was around 81.20% in equities. During the initial part of September the stock market depicted a subdued trend ahead of the Eid Holidays. However, subsequently investor sentiments improved on developments regarding the leverage product and strong corporate earnings expectations. In accordance with the market movement, we adjusted the weightage of NSF in equities. Towards the end of the month, the SBP raised the discount rate by another 50 bps to 13.5%. However, this further monetary tightening seems to be already priced-in by the market. At the end of the month NSF was around 90% invested in equities.

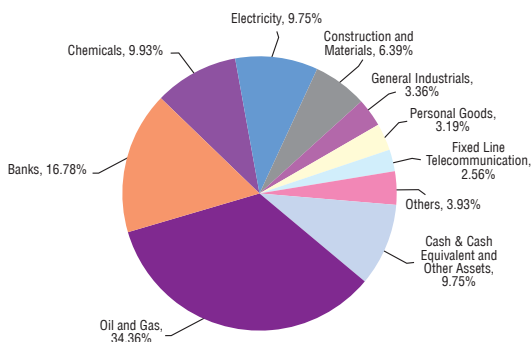
We have continued to focus on stocks having high dividend yields and resilient earnings trends. During the month, we almost maintained the weightage of NSF in the sub-sectors of Cement, Refineries and Jute. Expectations of deregulation of petroleum pricing formula boosted Refinery sub-sector stocks. The earnings announcement of NSF's holding in the Jute sub-sector was well received by investors in the market. The weightage in the sub-sectors of Oil & Gas Exploration and Power was enhanced. These sectors are fundamentally strong and offer lucrative yields. Similarly, based on the market weights, slight increments were made in the weightages in the Banking sector and the sub-sectors of Fertilizer and Automobiles. NSF built exposure in selected stocks in the Automobile sub-sector having attractive payouts and consistent profitability.

Going forward, the stock market will be driven by developments on the political and economic fronts. NSF is invested in stocks with attractive valuations, which are expected to perform better than the market. We are constantly monitoring the state of affairs and will alter the equity exposure of NSF accordingly.

Asset Allocation %

	30-Sep-10	31-Aug-10
Equities / Stock	90.25%	81.20%
Cash Equivalents	8.81%	8.92%
T-Bills	2.65%	20.42%
Other Net Assets / (Liabilities)	-1.71%	-10.54%
Leverage	Nil	Nil

Asset Allocation (as on 30th September 2010)



Top Ten Equity Holdings (% of Net Assets)

POL	9.08%	FFC	7.23%
PPL	9.04%	APL	5.03%
MCB	9.03%	THALL	3.36%
HUBC	8.45%	ENGRO	2.67%
OGDC	7.38%	NRL	2.64%

Name of the Members of Investment Committee

Dr. Amjad Waheed, CFA
Sajjad Anwar, CFA
Tanvir Abid, CFA, FRM

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.