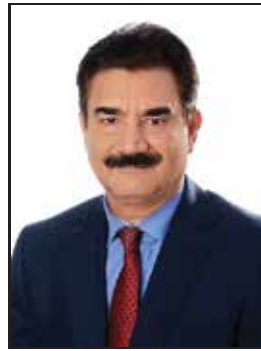


## Managing your Investments

**D**r Amjad Waheed holds a Doctorate in Business Administration from USA, with a major in Investments and Finance, and is also a Chartered Financial Analyst (CFA). For the last twelve years he is Chief Executive of NBP Fullerton Asset Management Ltd (NAFA), which is a subsidiary of National Bank of Pakistan. NAFA is presently managing Rs. 103 Billion of investors' money.



**Dr. Amjad Waheed, CFA**  
Chief Executive Officer

NBP Fullerton Asset Management Limited

### What are the investment avenues for a common man to invest in, and how have they performed historically?

Typical options available to investors in Pakistan are banks, National Savings Schemes, Stock Market and Real Estate. Over the last sixteen years, the average return provided by banks is about 6% per annum, special savings certificates is 10% per annum, and the stock market is 25% per annum. Since there is no real estate index in Pakistan, it is not possible to compare with real estate. However, generally both real estate and stock market have given attractive return to investors, although stock market is more liquid, and it is easier for an investor to exit with minimal costs and hassle. Rs 100 invested sixteen years ago would have grown to about Rs 240 in a bank, Rs 450 in special savings scheme, and Rs 3,400 in the stock market. Thus the stock market provided substantially higher returns than other investment avenues, however, it is volatile, and suits investors with longer investor horizon.

### Why has the stock market declined in the last few months, and how do you see the stock market going forward?

The key reasons of the recent decline in the stock market are rise in political and economic uncertainties. Our exports have declined from US\$ 25 billion to about US\$ 22 billion over the last four years, while our imports have risen substantially during the same period. Thus, our trade and current account deficits have risen, negatively impacting our foreign exchange reserves and investors' sentiments. The political uncertainty will gradually reduce as we head for new elections in the next six to nine months. . In order to manage the trade deficit, the government has

recently made rebates more attractive to expedite exports, and has imposed import duties to curtail imports. We expect that these steps will have a positive impact on our trade and current account deficits over the next six to nine months. The stock market has responded positively to these measures of the government. We expect the market to recover further in the coming months as the economic and political uncertainties recede.

### How has NAFA Stock Fund performed versus the stock market?

Over the last seven years, NAFA Stock Fund has provided a total return of 495% to its investors versus a 324% return by the stock market (KSE 100 Index). Thus, the Fund has outperformed the stock market by 171%, net of management fee and all other expenses. An investor who invested Rs 10 lac in the NAFA Stock Fund seven years ago, the value of his or her investment has grown to about Rs 60 lacs by now.

### How much is the total investment that NAFA is managing for its investors, and how is NAFA rated?

NAFA is among the two highest rated asset management companies in Pakistan, with a rating of AM 1 (Very High Quality). NAFA is presently managing about Rs 10,300 crores of investors' money. Our fastest growing area is Islamic investments. In the last three years, Sharia-compliant investments managed by NAFA have grown from Rs 617 crores to Rs 3,721 crores.

Good performance of our Islamic funds is one of the reasons that investors have invested heavily in these funds.

### Besides stock funds, what other investment options do you have for investors?

Investors can also invest in NAFA's low-risk money market funds that primarily invest in banks, with no investment in the stock market. NAFA balanced funds have about 50% exposure in the stock market, while equity funds have about 90% exposure in the stock market. Thus, an investor can choose a fund based on his or her own risk profile. NAFA also has a range of pension funds available for investors to save towards their retirement. Investor can save on taxes by investing in our mutual and pension funds.

### What is NAFA's future strategy for growth?

NAFA has the largest retail team in the country with about six hundred sales staff, covering all major cities of Pakistan. NAFA's staff is sitting in selected National Bank of Pakistan branches. We are also opening NAFA Islamic Savings Centers in all key cities of Pakistan. In India there are about 58 million investor accounts in mutual funds. In Pakistan there are only 0.25 million investor accounts in mutual funds. SECP and the Mutual Fund Association of Pakistan are working together to devise strategies to promote retail investors' participation in mutual funds. This will help improve savings and investment rate of Pakistan, which is among the lowest in the region, thus reducing our reliance on foreign borrowing, and enabling the economy to grow faster.

## For Information & Investment

**AM1**  
Rated by PACRA

0800-20002



NAFA INVEST to 9995



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National Bank of Pakistan



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National Bank of Pakistan

Your investments & "NAFA" grow together



FULLERTON FUND  
MANAGEMENT

Joint - Venture Partners

# NAFA Islamic Asset Allocation Fund

Investment of **Rs. 10 lacs** grew to **Rs. 32 lacs**  
in only 6 Years\*

**SOOD SAY PAK SARMAYAKARI**

## Shariah Supervisory Board

- Dr. Imran Ashraf Usmani
- Mufti Ehsan Waqar Ahmad
- Mufti Muhammad Naveed Alam



Invest with minimum Rs. 10,000 only

Performance of NAFA Islamic Asset Allocation Fund (NIAAF)	NIAAF		Benchmark**
	FY - 2012	<b>13.2%</b>	11.1%
FY - 2013	<b>36.3%</b>	28.9%	
FY - 2014	<b>22.2%</b>	17.7%	
FY - 2015	<b>33.8%</b>	12.1%	
FY - 2016	<b>13.1%</b>	9.2%	
FY - 2017	<b>20.3%</b>	11.9%	
Cumulative Return FY 2012 - 2017	<b>243.4%</b>	130.7%	

\* Last 6 years cumulative return ending September 29, 2017 was 220.5% vs benchmark return of 114.8%.

\*\*Benchmark is daily weighted return of KMI-30 index and 6 months average deposit rate of three A rated Islamic banks/Islamic windows of conventional banks as selected by MUFAP, based on Fund's actual allocation (effective from September 1, 2016). Previously average of (i) average 3-month Islamic banks deposit rate (ii) 6-month KIBOR or its Shariah Compliant equivalent (iii) KMI 30 Index.

Annualized return since inception of Fund on October 26, 2007 is 15.4% p.a. vs Benchmark return of 10.5% p.a. Last one year return was 5.5% vs benchmark return of 4.1%.

Fund-size: Rs.1,389 Crore as on September 29, 2017.

Category: Shariah Compliant Asset Allocation Fund.

## For Information & Investment

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Note: Performance is based on dividend reinvestment gross of withholding Taxes, excluding cost of frontend load. Taxes apply as per current income tax law.

Disclaimer: All investments in mutual funds are subject to market risk. Past performance is not necessarily indicative of future results. Please read the offering documents to understand the investment policies and the risk involved. The scheme holds certain non-compliant investments. Before making any investment decision investors should review the latest monthly Fund Manager Report and Financial Statements. The reported returns may include provision and reversal of provisions against some debt securities.