



National Fullerton  
Asset Management Limited

# NAFA Stock Fund (NSF)

Unit Price (31/08/2009): Rs. 6.8349

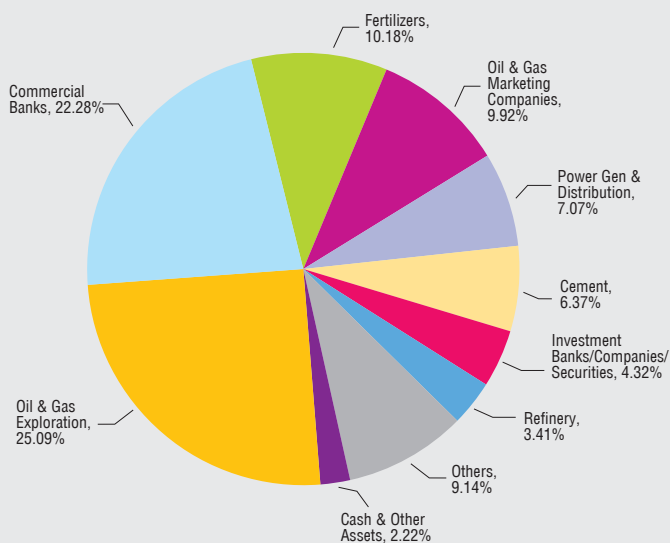
August 2009

Investment Objective	Performance					
	Performance (%)*	Jan - Dec 2007	Jan - Dec 2008	Jul - Jul 2008 - 09	Aug 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.	<b>NAFA Stock Fund</b>	<b>61.59%</b>	<b>(60.21)%</b>	<b>(41.33)%</b>	<b>4.37%</b>	<b>(14.94)%</b>
	<b>Benchmark</b>	24.82%	(67.19)%	(42.79)%	13.73%	(30.40)%
	* 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. 1,409 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 increased by 13.73%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) increased by 4.37%, thus an under-performance of 9.36% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 14.94% and the benchmark has declined by 30.40%, thus to date, out-performance is 15.46%.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian &amp; Trustee: Central Depository Company (CDC)</p> <p>Auditors: A. F. Ferguson &amp; 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>	

During the month, the Fund underperformed the benchmark. This resulted because some of our holdings in the cement, refineries and automobiles sectors lagged behind the Market. We believe that the Market has overreacted to developments related to these sectors and the stocks are trading substantially below their fundamental fair values. In addition to these, going forward, we feel that the fuel & energy (including power, oil & gas exploration, oil marketing) and fertilizer sectors have favorable prospects as well in view of strong sector fundamentals and stable dividend streams. Selectively, banks are also attractive where asset quality is superior. The energy sector and some banks have seen the most of foreign portfolio inflows.

Asset Allocation (as on 31st August 2009)



August was a buoyant month for equities with the benchmark index posting 13.73% increase to close at eight month high of 9321 points. The rally was primarily driven by another 100bps cut in the discount rate by the SBP to 13%, good corporate results season and huge foreign portfolio investment flows. Net foreign inflows during August stood at USD 95m as against USD 12m during July. These inflows were driven by the country's improved security situation and Pakistan's ratings upgrade by international rating agencies. Trading activity further picked up during August with Average Daily Value Traded standing at PKR 9 bn compared to PKR 8 bn in July.

The KSE-100 index is within striking distance of the 9000 point level. Prospects of foreign assistance to Pakistan by friendly countries can maintain positive sentiments. Moreover, possibilities of launch of margin financing or similar leverage product could enrich valuations. Going forward, we are expecting the Fund to perform well as we are holding undervalued stocks that are expected to perform better than the Market.

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