



National Fullerton
Asset Management Limited

NAFA Stock Fund (NSF)

Unit Price (31/12/2009): Rs. 7.2080

December 2009

Investment Objective	Performance						
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.	Performance (%)*	Jan - Jun 2007	Jul - Jun 2007 - 08	Jul - Jun 2008 - 09	Jul - Dec 2009	December 2009	Since Launch January 22, 2007
	NAFA Stock Fund	43.47%	(3.18)%	(45.63)%	18.78%	(0.11)%	(10.30)%
	Benchmark	26.89%	(15.70)%	(47.15)%	30.10%	1.48%	(26.45)%
*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. 1,327 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 1.48%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 0.11%, thus an under-performance of 1.59% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 10.30% and the benchmark has declined by 26.45%, thus to date out-performance is 16.15%. Since January 2009 your Fund has increased by 35.46%.</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>Minimum Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Fund Manager's Commentary

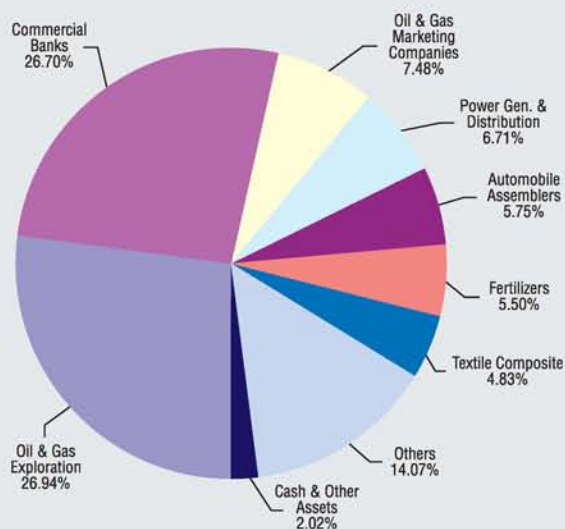
During the month under review, KSE-30 Index increased by 1.48%, whereas NAFA Stock Fund's (NSF) Net Asset Value (NAV) decreased by 0.11%, thus an under-performance of 1.59% was recorded. Since inception on January 22, 2007 the NAV of NSF has declined by 10.30% and the benchmark has declined by 26.45%, thus to date out-performance is 16.15%. Since January 2009 your Fund has increased by 35.46%.

Key factor for under-performance of the Fund versus the benchmark during the month was due to the under-performance of our holdings in the automobile sector. These stocks had outperformed the benchmark in the preceding three months and are expected to perform well going forward as well on the back of sanguine fundamentals and attractive valuations. During the month, the exposure of NSF in energy exploration, OMC's, banking and fertilizer sectors performed largely in line with the market. At the start of the month NSF was 96.00% invested in equities. In the initial period of the month, we reduced our weight in equities in line with the uncertain stock market trend. However, during the latter part of the month we increased our weight as investor confidence improved. At the end of the month NSF was 97.98% invested in equities.

During the first fortnight of December the market remained sideways and lackluster and was overshadowed by political uncertainties, the dicey law & order situation as well lack of liquidity. Activity by foreign funds was minimal. Net foreign portfolio inflows during December merely stood at US\$ 4.2 million compared to US\$ 12.8 million in November. The Market's Average Daily Traded Value further declined to PKR 5.2 billion against PKR 6.7 billion during November. Investor sentiment and market volumes improved in the second fortnight of December following development of consensus amongst the provinces over the National Finance Commission (NFC) Award, the Supreme Court's decision to declare the National Reconciliation Ordinance (NRO) null and void and receipt of the fourth IMF tranche of US\$ 1.2 billion.

The market remains fundamentally attractive. Positive triggers are successes on the military operation, improvement in liquidity situation and prospects of higher earnings in the upcoming results season. Nonetheless, the future direction of inflation and interest rates is critical. NSF is invested in blue chip stocks that are expected to outperform the benchmark.

Asset Allocation (as on 31st December 2009)



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