



National Fullerton  
Asset Management Limited

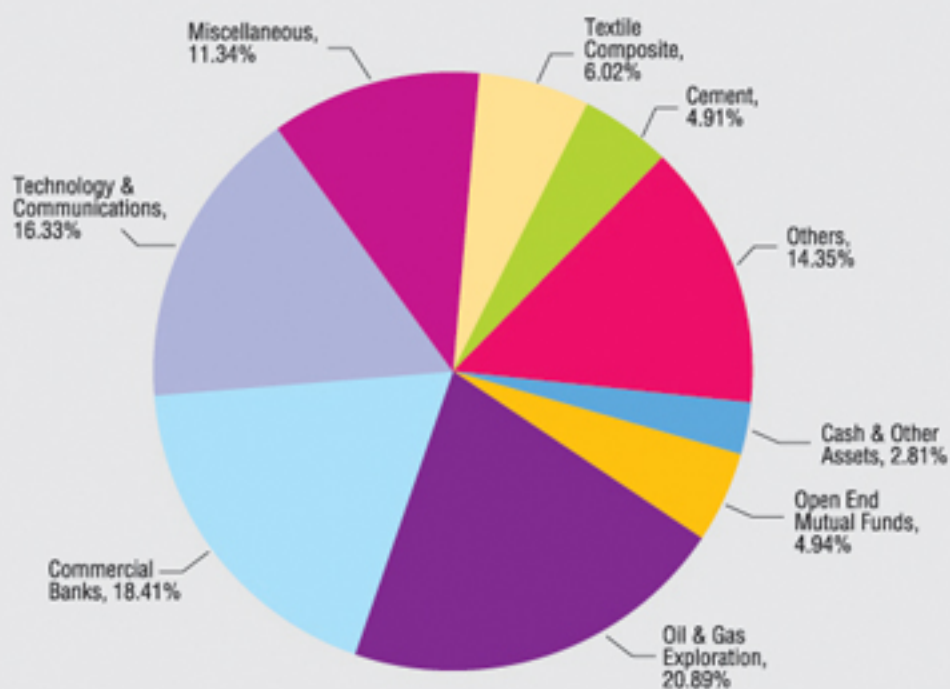
# NAFA Stock Fund (NSF)

October 2008

Investment Objective	Performance					
	Return (%)*	Jan - Dec 2007	Jan - Jun 2008	Jul - Sep 2008	Sep 2008	Since Launch Till Sept 30, 2008
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>-14.04%</b>	<b>-26.16%</b>	<b>-0.43%</b>	<b>2.57%</b>
	<b>Benchmark</b>	24.82%	-14.30%	-29.75%	-1.31%	-24.85%
	* 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. 1,529 million</p> <p>Type: Open-end - Equity Fund</p> <p>Dealing: Daily</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>The Stock Market indices remained frozen throughout the month as the Price Floor mechanism continued. The volumes almost reflected the de-facto closed status of the market. As on October 7, 2008 the issuance and redemption of units in all open-end equity funds' units was suspended. The open-end equity funds were unable to liquidate their positions and pay off redemptions due to the frozen status of the Stock Market.</p> <p>Going forward, the domestic macro-economy is expected to stabilize due to the structural adjustments made by the Government and decline in global commodity prices. As a result of structural adjustments, the Rupee is likely to stabilize and inflation is expected to taper off. However, GDP growth will take some time to rise again.</p>
<p>Listing: Lahore Stock Exchange</p> <p>Custodian &amp; Trustee: Central Depository Company</p> <p>Auditors: A. F. Ferguson &amp; Co. Chartered Accountants</p> <p>Benchmark: KSE-30 Index</p> <p>Fund Manager: Khurram Shehzad, CFA</p> <p>Min. Subscription: Growth Unit: Rs. 10,000/- Income Unit: Rs. 100,000/-</p>	

Asset Allocation (as on 31st October 2008)



The domestic banking sector witnessed a massive liquidity injection by the State bank of Pakistan, which eased the pressure on inter-bank transactions but few smaller banks had to merge to mitigate their growing liquidity crises.

It is expected that the Price Floor mechanism will be removed pursuant to the IMF facility and Rs. 50 billion Stock Market package. In this scenario, the market might not witness a significant downside pressure as the current price levels are fairly attractive in terms of valuations.

We believe that the current situation is not worse than 1998. The Stock Market recovered 47% from July 1998 to July 1999 after dropping by 56% from February 1998 to July 1998. We expect partial recovery in the Stock Market as the economy improves.

We expect NAFA Stock Fund to show better performance than the Stock Market, as the Fund holds securities that are trading at very attractive levels.

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